



Evelien Reusen

2018B01 – How auditors’ internal and external interactive relationships impact their judgement and decision making

How did you get into academia?

“I got the opportunity to do a PhD at KU Leuven, after which I was happy to join RSM, Erasmus University. My expertise is mainly in the area of Management Accounting and Control. This means that I am coming from a somewhat different background, but many of the principles also apply to the auditing field. Both disciplines have a behavioral orientation. It is much about judgment and decision-making but, for example, also about how to motivate people, often from a very behavioral perspective. This is exactly where the “human” factor comes in. I find it fascinating as a researcher to examine and understand what makes people behave and decide as they do, which may have consequences for managerial decision-making in general, but also – in an audit context – for audit quality in the end.”

How did you get acquainted with the auditing field?

“Management controls are an essential part of the structure and operations of any organization. The larger and more complex the organization and its activities, the more care must be given to the design of the control systems. And this I would say especially also applies to audit firms. For example, I think incentive and promotion systems influence the way auditors do their work, how they make decisions, and how careful

they make their judgements. In my research, I also have been studying imitation behavior – a common type of human behavior. In our daily lives we often imitate each other to guide our own choices; also in professional environments this can significantly affect individuals' judgment and decisions. Our FAR research project is set out to investigate this in the field of auditing, and particularly aims to explore the determinants and implications of imitative and herding behavior in relation to audit quality.”

What would you consider to be the biggest challenges in the audit profession?

“My general impression is that the quality of audit remains an important issue. Specifically, recurring factors identified as influencing audit quality are tone from the top and role model behavior, the quality of supervision and training, team interactions, and the extent to which the firm promotes an environment that favors speaking up about potential issues. With a good understanding of such factors we could reflect on the effectiveness of current firm practices and could come up with potential interventions, if needed.”

How do you interact with the profession?

“We try to have a dialogue. I think it’s a two-way process: research is informed by practice and the other way around. We regularly have conversations about our research design with practice. Do they think it makes sense, do they recognize our frameworks? We are very much open to input from practice. I like the initiative to bring young professionals and academics together in seminars like the Brown Bags that FAR is organizing. I believe this is a great opportunity to facilitate connections and to keep our research projects focused on practically relevant matters.”

What will your main message be at the conference?

“My main message would be that, if we want to properly understand auditors’ behavior, judgment and decision-making – and want to install certain interventions to enhance or preserve audit quality – the human factor cannot be overlooked and really must be “factored in”.”

“Specifically, at the conference, we would like to discuss the insights from our study on junior-senior imitation. Since the last masterclass, we have been finetuning and diving deeper into the results. It’s a good moment to present it again and receive feedback and see how practitioners can maybe relate to what we found. Also, raising awareness of the observed issues would allow for improvements in the quality of auditor judgments, so that’s something we’d like to bring up for discussion.”

What would your ideal study look like?

“With my ongoing research projects, I’ll continue to examine imitative and herding behavior and, particularly, its consequences for judgment and decision-making in accounting and auditing practice. For example, in our new study, we will examine herding behavior in relation to a fraud assessment task. Herding means conforming to the group’s consensus, although an individual might have other ideas or solutions. In studying this, it would be interesting to do a true field study or experiment where we could observe the dynamics that arise during an actual brainstorming session, or when auditors work in a team on a specific task. While there are limits to what we as researchers can do, I believe there is much more to be explored in this area; and I’m looking forward to uncovering further insights in close cooperation with the profession.”