

# WHY SOME AUDITORS THRIVE, WHILE OTHERS STRUGGLE

HOW IS AN INDIVIDUAL AUDITOR'S NETWORK ASSOCIATED TO HER COMPENSATION?

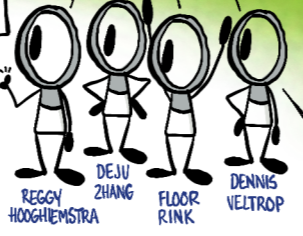
PROF. DR. REGGY HOOGHMESTRA

OUR PROJECT



PLEASE BE CAREFULL WITH IT!

LET'S LOOK FOR SOME EVIDENCE FROM A BIPARTITE NETWORK



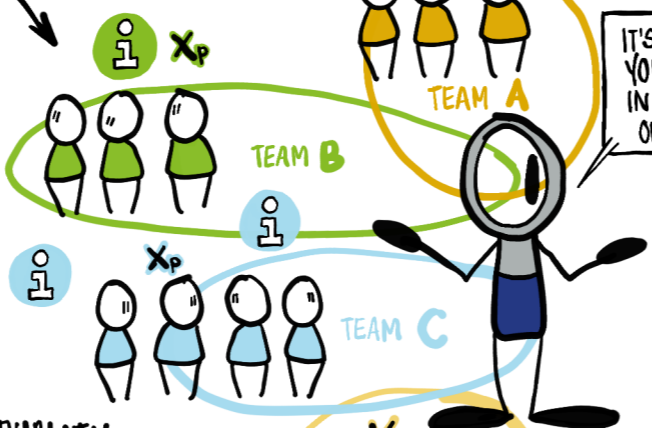
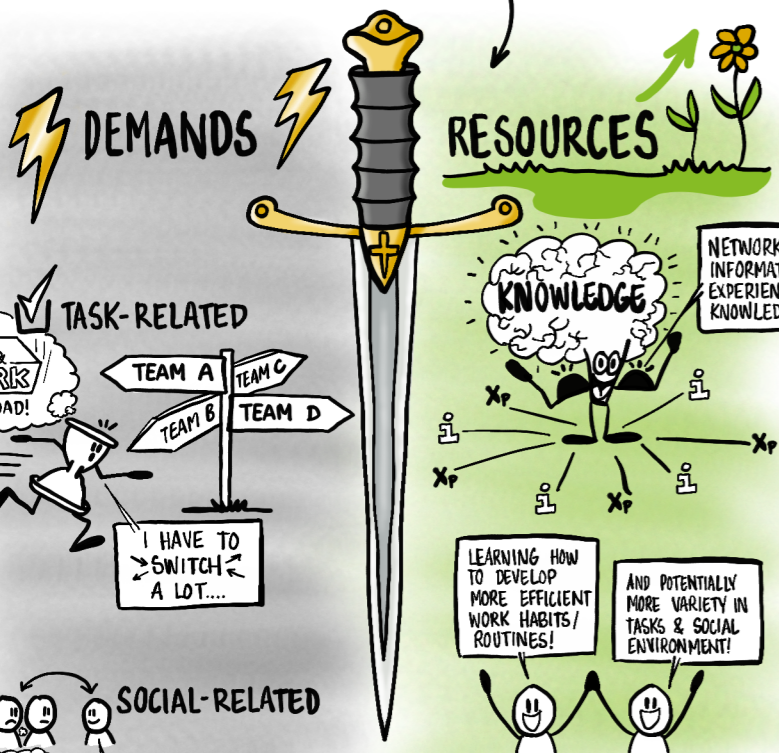
USING A LOCAL CLUSTERING COEFFICIENT, L.C.C. FOR INSIDERS

# 365  
AUDITORS  
GGP ± 80  
TEAMS

BOOKED HOURS AS WEIGHTS FOR NETWORK CONSTRUCTION

INDIVIDUAL AUDITOR COMPENSATIONS

MULTIPLE TEAM MEMBERSHIPS (MTM'S) ARE A DOUBLE-EDGED SWORD



IT'S ABOUT HOW YOU PERFORM IN A NETWORK OF TEAMS!

THIS IS NOT WHAT WE MEAN!

BUT I ALSO HAVE f...

THE EFFECTS OF MULTIPLE TEAM MEMBERSHIP ON AUDIT QUALITY



BEING MORE EMBEDDED IN THE NETWORK (AUDIT FIRM) RESULTS IN HIGHER COMPENSATION BECAUSE OF BETTER PERFORMANCE!

DUALITY AUDITORS & AUDIT ENGAGEMENTS:



... RESULT IN TRUST AMONGST TEAM MEMBERS/ COLLEAGUES

LEARNING HOW TO DEVELOP MORE EFFICIENT WORK HABITS/ ROUTINES!

AND POTENTIALLY MORE VARIETY IN TASKS & SOCIAL ENVIRONMENT!

SOCIAL NETWORKS

FACILITATE INTER AND STIMULATE KNOWLEDGE SHARING



THIS LEADS TO BETTER & A MORE EFFICIENT PERFORMANCE, ESPECIALLY FOR LESS EXPERIENCED AUDITORS!

I HAVE A LOT OF KNOWLEDGE BASED ON MY PRACTICAL EXPERIENCES TO SHARE WITH YOU!

I DO NOT HAVE SUCH KNOWLEDGE

AUDIT QUALITY / PERFORMANCE DEPENDS ON KNOWLEDGE SHARING: "TO MAKE THE RIGHT DECISIONS IN YOUR WORK, YOU DEPEND ON THE AMOUNT OF KNOWLEDGE YOU HAVE & SHARE!"

SO, AUDIT FIRMS: NETWORK STRUCTURE MATTERS!

MTM'S HAVE EFFECTS ON PERFORMANCE; STAY AWAY FROM SPECIALIZATION AT LOWER LEVELS!