WORKING PAPER

Cultivating Auditors Who Are More Committed to and Better at Ensuring Audit Quality

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KEY TAKE-AWAYS

Using a multi-method approach, we first introduce the construct of well-calibrated professional skepticism and identify how it facilitates auditors' response to heightened risk of material misstatement without also raising costly false alarms. We then draw on the management and management accounting literatures to identify several audit firm "soft" culture controls and auditor-specific characteristics that we predict, and find evidence consistent with being, antecedents of well-calibrated professional skepticism. We position well-calibrated professional skepticism as an internalized value and connect it to the psychology literature on calibration. We discuss how audit firms can improve the portion of their audit professionals who are well-calibrated professional skeptics by improved selection during recruitment of human talent and by…

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Keywords: action-oriented skepticism; audit quality; audit voice culture; professional judgment; professional skepticism; resource facilitation; selection; socialization; supportive leadership.

Cultivating Auditors Who Are More Committed to and Better at Ensuring Audit Quality

Abstract: Using a mixed-method approach—combining interviews (n=34) with an experiment and accompanying survey (n=399)—we find that some auditors exhibit stronger *action-oriented skepticism*, i.e., stronger commitment to taking steps, as needed, to ensure audit quality. We also find that such auditors better calibrate their professional judgments about material misstatement risk to whether available evidence indicates that management is using aggressive accounting. To identify socialization and selection factors that cultivate such auditors, we use organizational theory to interpret the interview data. We then craft a survey to test these factors. As predicted, two socialization factors, *audit voice culture* and *resource facilitation,* are positive predictors of *action-oriented skepticism*, as are two selection factors, *societal importance* and *truth-seeking*. By contrast, *value communications* about audit quality undermine *action-oriented skepticism*. These findings advance the literature on audit culture and skepticism and inform audit firms' response to regulators' calls to build cultures that promote audit quality.

Keywords: action-oriented skepticism; audit quality; audit voice culture; professional judgment; professional skepticism; resource facilitation; selection; socialization; supportive leadership.

I. INTRODUCTION

Regulators are challenging audit firms to build cultures that promote audit quality and protect investors (e.g., Authority for Financial Markets, AFM 2017; Financial Reporting Council, FRC 2018; DesParte 2019; PCAOB 2022, 2023). These regulatory challenges come after repeated frauds, restatements, and business failures that erode investor confidence (e.g., Doogar, Rowe, and Sivadasan 2014; Foley 2022; Weil 2023; Taylor 2024). They also come amid increasing evidence that corporate executives can undermine auditor objectivity (by, e.g., pre-releasing unaudited earnings, Bhaskar, Hopkins, and Schroeder 2019, pressuring audit partners to not consult national offices, Christensen, Ege, Sharp, and Wilks 2024, etc.). Despite this objectivity threat, audit partners regularly pursue a strong professional rapport with executives, believing it helps resolve detected material misstatements (Maksymov, Peecher, Sutherland, and Weber 2024). Given these complex accountabilities and tradeoffs, we pursue three related questions: Are some auditors more strongly committed to taking actions as needed to ensure audit quality? If so, are such auditors also better calibrated at discerning when extra actions are and are not needed, based on audit evidence about management's accounting practices? Finally, what are the cultural elements and personal values that, through socialization and selection, cultivate such auditors?

We pursue these research questions using a multi-method approach that combines interviews (n=34) with an experiment and an accompanying survey (n=399) of experienced Dutch auditors.[1] After obtaining interview evidence showing considerable variation in auditors' commitment to taking action, as needed, to ensure audit quality, we pursue potentially corroborative, larger-sample evidence. To do so, we craft four survey questions to succinctly

[1] We use this mix of methods in part because as Francis (2024) emphasizes, it is "deeply challenging" to archivally link cultural factors to higher-quality audits. Public data exist only for some audit inputs and outputs (e.g., audit report content), and public audit-process data are scarce (DeFond and Zhang 2014; IAASB 2014). Almost all the decisions made and actions taken by auditors are publicly unobservable (Peecher, Solomon, and Trotman 2013).

capture empirical variation in this construct, which we call *action-oriented skepticism* (see Exhibit 1). Surveyed auditors also display considerable variation: On average, auditors see themselves as "often" taking needed actions to ensure audit quality, but a one standard deviation interval spans "Sometimes" and "Almost always," and the range spans "seldom" and "always" doing so.

Simultaneously, we experimentally examine whether auditors who identify as stronger action-oriented skeptics better calibrate their professional judgments about addressing material misstatement risk. We do so by manipulating whether or not available evidence objectively indicates that management's accounting estimate is overly aggressive. Better-calibrated auditors would take more steps to ensure audit quality, but only when management's estimate is overly aggressive. As predicted, stronger action-oriented skeptics are better calibrated.

In the same experiment, we test whether a *prosocial significance reminder* also improves auditor calibration in the shorter-term. Our motivation for doing so, in addition to better audit effectiveness in the presence of aggressive accounting, is prior studies showing that pre-task prosocial significance reminders result in improved task performance by lifeguards, fundraisers, and firefighters (Grant 2007; 2008; Blustein, Lysova, and Duffy 2023). Unfortunately, we find no evidence that a similar reminder improves auditor calibration. A post-hoc explanation for this null result is that communications about high-quality audits' prosocial value are beneficial, but only over the longer term. That is, such communications might work when firm leadership consistently messages their commitment to audit quality in internal messaging and training sessions.

Next, we investigate whether each of six cultural factors, including *value communication*, influence auditors' *action-oriented skepticism* over the longer-term. We leverage organizational behavior theory to do so (Ouchi 1979, 1980; Langfield-Smith 1995; Simons 1995). Ouchi's (1979) seminal work identifies socialization and selection as two general mechanisms that motivate

employees to pursue organizational values. To situate these two general mechanisms to auditing, we use interviews to identify six promising, specific cultural factors. We then craft a series of survey questions to capture large-sample variation in the manifestation of these factors across auditors. After performing confirmatory factor analyses, we test three cultural elements and three personal values that we predict to influence auditors' *action-oriented skepticism*.

The first cultural element we examine is longer-term audit firm communications that extol high-quality audits. On the one hand, consistent firm communications about values foster a foundational understanding so that employees can align their behaviors. On the other hand, auditors might view such communications as empty rhetoric, undermining their commitment to audit quality (Westphal 2022). Resonating with our null results for a short-term pre-task *prosocial significance reminder*, longer-term *value communication* about the value of audit quality by firm leadership is negatively associated with *action-oriented skepticism*. Auditors exhibit reactance to messaging from firm leadership about audit quality. On a more encouraging note, our findings suggest that socialization through *audit voice culture* and *resource facilitation* both foster stronger action-oriented skepticism.

Moving to selection, the interview evidence revealed three promising personal values for enhancing *action-oriented skepticism*: *societal interest*, *truth-seeking*, and *professional pride*. As predicted, *societal interest* and *truth-seeking* are positive predictors of *action-oriented skepticism*. Thus, hiring and retaining individuals with a strong societal interest and who value truth seeking are likely to foster stronger auditor commitment to taking needed actions to ensure audit quality. The evidence is less convincing for our third personal value, *professional pride*, as it is positively associated with *action-oriented skepticism* only among very experienced auditors.

These mixed-method findings collectively make several new contributions to the literature. First, they contribute to the audit literature on professional skepticism, which has focused on determinants of auditors' judgments and actions indicative of heightened assessment of material misstatement risk, conditional on a given *level* of evidence (Nelson 2009; Nolder and Kadous 2018). This contribution is twofold. One aspect is our construct, i.e., *action-oriented skepticism*, as it succinctly captures meaningful variation in the degree to which auditors self-identify as being committed taking actions, as needed, to ensure audit quality. The second aspect is providing evidence that these auditors make professional judgments about material misstatement risk that are better calibrated to *changes* in evidence. Specifically, they demonstrate greater concern for addressing material misstatement risk, but only when evidence indicates aggressive accounting. Second, we contribute to the auditing and psychology literatures on *prosocial significance reminders* by providing evidence—admittedly in the form of null results—that such reminders fail to improve auditors' judgments about material misstatement risk. This finding raises the possibility that professional judgment settings with complex accountabilities are a newly documented boundary condition for the effectiveness of prosocial significance reminders.

Third, we provide timely evidence that can help audit firms to answer regulators' calls to build cultures that value audit quality by identifying cultural elements and personal values that, through socialization and selection, strengthen auditors' *action-oriented skepticism*. While the importance of organizational culture has been extensively studied in non-audit firms (e.g., Van den Steen 2010a, 2010b; Merchant and Van der Stede 2011; Chatman and O'Reilly 2016), there are fewer studies in audit settings and most of them focus on isolated elements of organizational culture such as tone at the top (see Alberti, Bedard, Bik, and Vanstraelen 2022 for a review). Another advancement over prior research on cultural controls is that we move beyond merely identifying

the types of controls that help build a strong corporate culture. Through extensive interviews and a follow-up survey, we provide deeper insights into the specific cultural elements and personal values that drive auditors' commitment to audit quality. Thus, unlike previous studies that broadly link value-aligned selection to improved performance outcomes, our research specifies some exact values that audit firms should emphasize in their selection—auditors who are truth-seekers and who are motivated by making a societal contribution. We also go beyond showing the importance of socialization in building a strong culture and identify how socialization based on *audit voice culture* and *resource facilitation* shapes a culture that fosters action-oriented skepticism. Finally, we are aware of no work that specifies the cultural determinates of auditors who are both more strongly committed to taking steps, as needed, to ensure audit quality and better at understanding when taking such steps is needed.

Our findings also raise new questions about audit firms' attempts to socialize *action-oriented skeptics* using value communications. Neither shorter-term (experiment) nor longer-term (survey) value communications appear to cultivate *action-oriented skeptics*. We observe a null effect for the former and a significant negative association for the latter. Moreover, our interviews corroborate these results, revealing a disconnect between communicated values and their practical implementation. This negative association echoes findings in management literature about potential "backfiring" effects of rhetorical oversimplification, where leaders extol organizational values but overlook hard trade-offs involved in daily living out these values (Westphal 2022). While much of the management literature focuses on how organizations present their values to external stakeholders (Westphal, 2022), our study applies these insights to internal stakeholders. As firm leaders regularly message their professionals about being committed to audit quality, our findings suggest a need for improved theory on more effective value communication practices.

The remainder of this paper unfolds as follows. In Part II, we elaborate on *action-oriented skepticism*. In Part III, we test the efficacy of a *prosocial significance reminder*. In Part IV, we test posited associations between *action-oriented skepticism* and six ingrained cultural elements, specifically focusing on three socialized values and three personal values. Part V provides conclusions, limitations, and future research opportunities.

II. ACTION-ORIENTED SKEPTICISM

An influential review article defines professional skepticism as being "indicated by judgments and decisions that reflect a heightened assessment of the risk that an assertion is incorrect, conditional on the information available to the auditor" (Nelson 2009, 1). Nolder and Kadous (2018) lever social psychology to embellish the meaning of an "attitude of professional skepticism" as discussed in audit standards (e.g., IAASB 2023), noting that attitudes encompass beliefs, feelings, and planned actions.[2] We use these ideas to guide our *action-oriented skepticism* construct, but also lever a theme that emerged during interviews: some auditors are more committed than others to taking actions, as needed, to ensure audit quality. For example, an audit director said, "… we sign off now with compliance, with quality review, with the board, but then you know that the audit file is not always in shape, it's not sufficiently in shape, if you ask me." Similarly, an audit manager said, "There are some partners who are a bit more accommodating with the client than others" (see Table 3 for more indicative quotations). To add methodological triangulation to this interview evidence, we craft survey questions that measure auditors' *action-oriented skepticism* and pursue larger-sample empirical evidence on the following research question:

RQ: Do auditors vary meaningfully in their (perceived) action-oriented skepticism?

[2] While the Nelson (2009) definition is rooted in presumptive doubt of management's assertions (Bell, Peecher, and Solomon 2005), it does not claim that more doubt is always better. Indeed, more doubt on lower risk audits wastefully depletes auditors' vigilance (Hurley 2019) and can encourage leaving the profession (Cohen, et al. 2017).

Finally, the *as needed* qualifier in our definition of *action-oriented skepticism* shifts the focus from professional judgments for a given *level* of available evidence as in Nelson (2009) to well-calibrated *changes* in auditors' professional judgments given *changes* in available evidence. Specifically, if underlying evidence changes to indicate that management is using overly aggressive accounting instead of reasonable accounting, auditors' professional judgments about material misstatement risk should reflect a greater need to address this risk.

A focus on changes across different underlying states resonates with the calibration construct from psychology (Koehler, Brenner, and Griffin 2002). To elaborate, imagine that three meteorologists remind listeners to take an umbrella to work. The first's reminders occur randomly with regard to whether it rains, reflecting poor calibration. The second's reminders are fine-tuned to when and only when it rains, resulting in perfect calibration. The third reminds listeners to bring an umbrella much more often when it rains than when it does not; this meteorologist is well-calibrated. We analogize to how auditors' professional judgments about material misstatement risk differ given the presence or absence of evidence objectively indicative of material misstatement, positioning calibration as a testable implication of stronger *action-oriented skepticism*. Our interviewees stressed the value of being well calibrated. For example, a junior auditor stressed that, "[They] only look at real risk areas in audits and not so much [at] everything" (see Table 3 for more indicative quotations).

However, a stronger commitment to taking needed actions to ensure audit quality is only suggestive of what auditors in the field do when facing evidence that is more versus less indicative of material misstatement. Psychology studies show that humans erroneously think their abilities and skills are better than average (e.g., Zell, Strickhouser, Sedikides, and Alicke 2020). Further, experienced auditors are overconfident in both their own and their subordinates' knowledge

(Kennedy and Peecher 1997; Dierynck, Kadous and Peters 2024) as well as in their subordinates' ability to detect misstatements (Messier, Owhoso, and Rakovski 2008). That said, because human self-perceptions are "at least tethered to reality" (Vazire and Carlson 2010) and predictive of behaviors (Back, Schmuckle and Egloff 2009), we posit that stronger action-oriented skeptics are attuned to how they calibrate their professional judgments about material misstatement risk to whether or not the available audit evidence indicates material misstatement:

> *H1: Stronger action-oriented skeptics' professional judgments will reflect a need to more thoroughly address material misstatement risk, but only when available evidence indicates that management's accounting is aggressive.*

H1 presents with some tension. A plausible alternative is that stronger action-oriented skeptics' professional judgments nearly always reflect a need to more thoroughly address material misstatement risk, generating false alarms even if available evidence indicates that management's accounting is reasonable. Also, stronger action-oriented skeptics' judgments could be no better calibrated to available evidence than those of their peers. Thus, a test of H1 is well-motivated.

Research Method

We use a mixed method approach, starting with semi-structured interviews to identify and refine our theoretical constructs for our survey questions and experiment. Specifically, we interviewed 34 auditors for a total of 26.4 hours that produced 460 transcripted pages (see Exhibit 3 for the interview script). At least two interviewers were present for every interview, and we continued with incremental interviews until reaching saturation (Malsch and Salterio 2016). As detailed in Table 1, our interviewees include partners, directors, managers, and staff from two Big 4 audit firms and one non-Big 4 audit firm across several locations in the Netherlands. Then, we designed a combined experiment and survey to allow for triangulated empirical evidence.[3]

[3] Our research instrument received IRB approval. While interviews were conducted by authors, and thus constitute human subjects research, FAR administered the experiment and survey. We thereafter received de-identified data.

Audit practitioners and FAR representatives provided extensive feedback on the experimental and survey instruments for clarity. Participants are from two Big 4 audit firms and three of the "next 5" audit firms. Most completed the instrument online via Qualtrics.[4] In total, 548 participants started it, with 436 completing questions related to our main dependent variables, and 399 finishing it. Of the latter, about 71% are Big 4 auditors. Participants average 31 years of age and hold positions as partners (12%), senior auditors (directors or managers, 54%), or junior auditors (staff, assistants, 34%). The median time spent on the instrument is 29 minutes. Table 1 summarizes our data and participants.

Experiment

The case is based on the Chatsworth Cheddar Tradebook case by Backof, Martin, and Thayer (2020). Participants are assigned to the audit team of a large fictional cheese company, Heerlijke Kaas (HK, which means "delicious cheese"). Their task is to assess the reasonableness of management's revenue growth assumption for its flagship cheese, Glorious Gouda, as part of asset impairment analysis. The case presents HK's management revenue growth rate assumptions, along with a look-back analysis of management's actual revenue growth in the prior two years and evidence provided by an independent industry valuation expert from the participants' audit firm.

For our dependent variable, participants make professional judgments about addressing material misstatement risk by responding to 11 questions. For example, one question asks how (un)comfortable participants are with management's assumed revenue growth rate. Several questions ask about different actions that the engagement partner could take. Each question uses a 7-point scale, and all questions load on one factor that we call *professional judgment (PJ),* with lower values implying more skeptical judgments. Factor loadings for two items are below the

[4] Twenty-three participants completed the pen-and paper version of our survey.

recommended cut-off of 0.4, so we exclude them. Table 2, Panel A reports each question, a confirmatory factor analysis verifying the construct's unidimensionality, providing eigenvalues, Cronbach's Alpha, and factor scores.

Measured Independent Variable and Manipulated Factors

We capture *action-oriented skepticism* post-experimentally. As per Exhibit 1, auditors gauge their agreement on a Likert scale (1 = never, 7 = always): How often do you ensure high audit quality by (1) pushing back to e.g., colleagues, your supervisor, the client (2) following up with the client when appropriate (3) being vigilant about things that are in the grey zone (4) getting expert help if necessary. Table 2, Panel A reports a confirmatory factor analysis verifying the construct's unidimensionality and provides eigenvalues, Cronbach's Alpha, and factor scores.

We manipulate *evidence* at two levels between-subjects, as *aggressive* versus *reasonable,* (see Exhibit 2, Panel A).[5] In the *aggressive* level, for example, prior-year revenue growth was appreciably lower than what management assumed. By contrast, prior-year revenue growth was at least as high as what management assumed in the *reasonable* level.

Post-Experimental Survey

After the experiment, participants complete the survey, which we designed based on insights from our interviews. During interviews, we observed variation in auditors' experiences with firm culture, leadership, and resource availability. To capture these differences, we included measures of these constructs. In sections II and III, these variables serve as controls, but in section IV, they are independent variables, as we test for predicted associations between specific socialization and selection elements and *action-oriented skepticism*.

[5] We also manipulate *prosocial significance*, as explained in section III.

Most of our variables are latent constructs measured by multiple indicators on 7-point scales. Table 2, Panel B presents the scales and construct validity indicators for independent variables in section IV, and Panel C captures all the control variables used in sections II, III and IV. To assess construct validity, we use confirmatory factor loadings, Cronbach's α, and the variance extracted, demonstrating the unidimensionality of all our reflective survey constructs. We base our variables on factor scores for reflective constructs and on averages for formative constructs. Table 4 reports the pairwise correlations for all variables used.

Results

Table 5 reports descriptive statistics for our dependent variable, *professional judgment (PJ)*, as well as for our independent variable, *action-oriented skepticism*, for the full sample (Panel A), and separately for the aggressive level of *evidence* (Panel B) and the reasonable level (Panel C). In line with expectations, the mean for *professional judgment* is significantly more conservative in the aggressive level versus reasonable level of *evidence* ($p > 0.001$). We also observe meaningful variation in *action-oriented skepticism*. Average auditors see themselves as "often" behaving like action-oriented skeptics (mean = 5.28), but a one standard deviation interval spans "sometimes" and "almost always" (see note for Exhibit 1 and Table 5 results). Variation in auditors' *action-oriented skepticism* adds to earlier evidence that auditors are not clones: Auditors, even those of similar rank, widely differ in their technical, tacit, and industry knowledge (e.g., Kennedy and Peecher 1997; Solomon, Shields, and Whittington 1999; Bol, Estep, Moers, and Peecher 2018) as well as in their wise-thinking dispositions (Brewster, Johanns, Peecher, and Solomon 2021).

Hypothesis Tests

We test H1 with the following specification, conducting separate OLS regressions for aggressive and reasonable levels of *evidence*, respectively.

$$[professional\ judgment] = \alpha_0 + \alpha_1 action\ oriented\ skeptic + CONTROLS + \varepsilon.$$

For H1, we expect α_1 to be negative, significant, and more negatively significant in the *aggressive* level of *evidence* compared to the *reasonable* level. To isolate the effect of action-oriented skeptics, we control for a set of auditor and firm characteristics that prior literature suggests are associated with auditor characteristics and/or with auditor task performance.

The results, reported in Table 6, support H1. The coefficient α_1 for *action-oriented skeptic* is negative and significant in the aggressive level ($p<0.01$, Column I), and insignificant in the reasonable level (Column II). Further, the difference between the coefficients across evidence subsamples is significant in the expected direction ($\chi^2(1) = 3.18$, $p=0.038$, one-tailed equivalent). Thus, we conclude that stronger *action-oriented skeptics* better calibrate their professional judgments about addressing material misstatement risk to evidence changes that objectively indicate aggressive versus reasonable accounting.

III. PROSOCIAL SIGNIFICANCE REMINDER AND AUDIT QUALITY

Workers who recognize the prosocial significance of their jobs find their work more fulfilling, even when working tirelessly (Allan, Bratz-Barbarich, Sterling and Tay 2019; Blustein et al. 2023; Cheffers and Pakaluk 2007). Socially meaningful work can be more important than promotions, compensation, and working conditions (Grant 2007), and prosocial reminders have resulted in improved performance in fundraisers and lifeguards in field experiments (Grant 2008).

Given that the audit profession exists to protect the investing public (Munter 2024), we posit that auditors will perform better when reminded about the prosocial value of audits. As one interviewee stated in reply to “Are you proud of your profession?”: "Yes, absolutely, absolutely, absolutely. It is very important, and it is actually also very important socially. And for everyone actually, for the engine of the economy, so to speak...." Building on these findings, we test whether

a prosocial reminder enhances auditor calibration to evidence that does, versus does not, suggest material misstatement. Accordingly, we posit the following:

> *H2: Compared to auditors who do not receive a prosocial significance reminder, auditors who do receive one will make professional judgments that reflect a need to more thoroughly address material misstatement risk, but only when available evidence indicates that management's accounting is aggressive.*

Research Method and Hypothesis Test

We test H2 using the experiment in section II. We implement prosocial significance via a short historical story about an auditor who advanced the public interest by detecting a material fraud that robbed investors (see Exhibit 2, Panel B).[6] To ensure that treatment condition auditors attend to this story, they briefly summarize it. We test H2 using the following specification, conducting separate OLS regressions for the aggressive and reasonable *evidence* subsamples.

$$[professional\ judgment] = \alpha_0 + \alpha_1 action\ oriented\ skeptic + \alpha_2 prosocial\ significance + CONTROLS + \varepsilon.$$

For H2, we expect α_2 to be significantly negative and more so when *evidence* is aggressive versus reasonable level. However, the estimated sign for α_2 is insignificant for both *evidence* levels (Columns I and II of Table 6), so we reject H2.[7] A plausible post-hoc explanation for these null results is that a short-term, prosocial reminder cannot offset ingrained behaviors of auditors acculturated over the years. Thus, we next move to longer-term cultural elements, starting with a consistent messaging from audit firm leadership about valuing high-quality audits.

IV. CULTIVATING STRONGER ACTION-ORIENTED SKEPTICS

Organizational culture is the shared purpose and values that guide employee decisions in domains where explicit rules and policies are difficult to define (e.g., Campbell and Sandino 2019).

[6] We use slightly different stories to tailor them to the participants' audit firm.
[7] We explored the *action-oriented skeptic* x *prosocial significance* interaction; it also is insignificant.

If well implemented, organizational culture results in employees' promotion of the organization's values (Henderson and Van den Steen 2015; O'Leary 2017), where values concern "the right way" to conduct oneself. Importantly, it is not enough for organizational values to be proclaimed or understood; they must also be internalized by employees for organizational culture alignment (Guiso, Sapienza, and Zingales 2015; Henderson and Van den Steen 2015). Consistent with these arguments, organizational culture is positively associated with various firm outcomes, including financial performance, efficiency, and innovation (Guiso et al. 2015; Kotter and Heskett 1992; Gordon and DiTomaso 1992; Burt, Gabbay, Holt, and Moran 1994). Also, a strong organizational culture can substitute for traditional controls such as monitoring and incentive pay (Bol, Grasser, Loftus and Sandino 2024; Abernethy, Dekker, and Schultz 2015).[8]

While the extant literature primarily focuses on how individual *types of controls*, such as performance evaluation, foster alignment between employees' values and those of the organization (e.g., Chatman 1991; Campbell 2012; Abernethy et al. 2015; Deller and Sandino 2020a, 2020b; Cai 2023; Deller, Gallani, and Sandino 2022), our study advances the literature by having a more nuanced focus. Instead of identifying types of controls that promote value alignment, we use interviews to help identify specific cultural elements and personal values that affect auditor commitment taking actions, as needed, to ensure audit quality. Further, following the seminal work by Ouchi (1979), we propose two key mechanisms that audit firms can use to acculturate auditors: socialization and selection. Rather than merely reinforcing that socialization and selection can foster employee internalization of organizational values, we examine how three specific cultural

[8] While growing, audit literature on links between cultural factors and audit quality is in the early stages of development (for a review, see Alberti 2022). We highlight two recent studies: An experimental manipulation of a firm-wide commitment to audit quality goals (e.g., ensure independence) instead of to commercial goals (e.g., maximize profit) reduces auditor acceptance of aggressive reporting (e.g., Pyzoha, Taylor, and Wu 2020), and a learning culture measure validated in non-audit organizations is associated with better information search behaviors by audit managers and partners, but not by staff and seniors (Grohnert, Gijselaers, Meuwissen, and Trotman 2025).

elements and three specific personal values—shaped through socialization and selection, respectively—directly contribute to auditors' commitment to upholding audit quality.

Socialization Through Value Communication

Socialization, a process by which new talent "comes to appreciate the values, abilities, expected behaviors, and social knowledge" essential to their role within the organization (Louis 1980, 229-230), is used widely in audit firms. It is a means of ensuring employees understand organizational values and norms and is attained by consistently messaging in mission statements, training sessions, and emails. Without this foundational understanding, employees cannot align their behaviors with organizational values. Therefore, one might expect that a stronger emphases on the value of audit quality in an audit firm's messaging will strengthen auditors' commitment to taking steps, as needed, to ensure audit quality. Prior research highlights the importance of controls that foster value understanding particularly in situations where management lacks insight into the specific actions that employees need to take to achieve organizational objectives (Abernethy and Brownell 1997; Prendergast 2008; Grabner 2014). This suggests value communication is helpful in auditing, where success often relies on high tacit knowledge (Bol et al. 2018).

However, this expectation is tenuous. Constant communications about the importance of audit quality might have no effect or even backfire due to symbolic decoupling. Symbolic decoupling—where an organization's outward claims diverge from its actual practices—is common (Westphal and Park 2020; Crilly, Hansen, and Zollo 2016; Crilly, Zollo, and Hansen 2012; Marquis and Qian 2014). Prior research shows that rhetorical oversimplification, a process by which leaders downplay the trade-offs and hard choices involved in attaining organizational objectives, presages symbolic decoupling (Westphal 2022).

As a result, more leadership communiques about valuing audit quality without acknowledging the incentive conflicts and trade-offs among auditors, audit committees, management, and society at large might undermine auditors' commitment to taking needed steps to ensure audit quality due to perceived decoupling. Our interviewees accentuated the oversimplification of value communication. A junior auditor stated: "I'm aware [of the values], yes. I've heard about it. There's some talk about it. […] If I have to name them, I have to think about it. […] It's more like something you learned in school or memorized, that's how it feels a bit with this. It's not like it matters to me or that I really feel involved with it. …." (see Table 7 for additional indicative quotations). Given these countervailing views, we posit a non-directional prediction:

> *H3a: The communication of the value of audit quality by audit firm leadership in value, mission, and strategy statements is associated with auditors' action-oriented skepticism.*

Socialization Through Supportive Leadership

Leadership behavior has long been viewed as a vital for organizational socialization (Davis and Rothstein 2006; Gehman, Treviño, and Garud 2013). When top management exhibit concrete behaviors aligned with organizational values, employees better understand and are more likely to pursue analogous behaviors for their positions (Davis and Rothstein 2006; Kottke and Pelletier 2013; Simons 2002a, 2002b; Schein 2004). In reinforcing audit quality as a core value, it is helpful to create an environment where audit professionals feel empowered to voice concerns about management's accounting practices (e.g., Brazel, Jackson, Schaefer, and Stewart 2016). By expressing a focus on audit effectiveness, for example, supervisors enable subordinates to feel more comfortable speaking up about questionable accounting (Nelson and Proell 2018). Similarly, auditors more readily acknowledge that they sometimes make mistakes if they are not fearful of retribution (Grenier 2017). Interviews highlighted the significance of supportive leadership. One junior auditor remarked: "This is communicated from the top down. Let us know if you find

something, let us know if you disagree with something, and don't be afraid to communicate and make mistakes" (see Table 7 for additional indicative quotations). Following Clor-Proell et al. (2022), we characterize such leadership as an *audit voice culture*.

Leadership that supports audit quality also involves creating ample budgetary conditions for high-quality audits, especially during busy season (Heo, Kwon, and Tan 2021). Without such resources (Kottke and Pelletier 2013; Warrick 2017; Bol and Loftus 2023), auditors are less apt to complete all the steps needed to ensure audit quality. Our interviewees emphasized the need to have sufficient resources—particularly enough time for exercising due diligence. One manager shared: "In the first years, when we started improving quality, there was an understanding that the audit budget wasn't as important as the quality. If the budget couldn't accommodate the necessary quality, it was not an issue; quality was the top priority" (Table 7 reports additional indicative quotations for culture variables). We call this supportive leadership *resource facilitation*.

We predict that supportive leadership, including both *audit voice culture* and *resource facilitation*, will positively socialize auditors' commitment to ensuring audit quality as a core value. We test the following empirical associations:

> *H3b: Supportive leadership in the form of a stronger audit voice culture is positively associated with action-oriented skepticism.*
>
> *H3c: Supportive leadership in the form of stronger resource facilitation is positively associated with action-oriented skepticism.*

Organizations can also foster the internalization of cultural values through selection (Ouchi 1979). When organizations hire, retain, and promote employees whose personal values closely align with those of the organization, the need for extensive socialization decreases, as these processes work in tandem to achieve the internalization of the organization's values. This reasoning aligns with prior research highlighting the effectiveness of prioritizing value alignment

in hiring practices (Merchant and Van der Stede 2007; Campbell 2012; Abernethy et al. 2015). Based on our interviews, we identify and examine three specific personal values that are likely to strengthen auditors' commitment to ensuring audit quality.

Selection of Auditors Committed to Societal Interest

Given financial audits ought to benefit society (Knechel, Krishnan, Pevzner, Shefchik, and Velury 2013; IAASB 2014), we predict that those auditors who internalize the value of contributing to society will be more committed to taking needed steps to ensure audit quality. The relationship between personally valuing societal interest and audit quality came up in our interviews, as one partner stated: "Well, it's not my client, it's my point of contact. That's how I always call it. My client is the general public…." Also, a junior auditor noted social relevance: "We are trusted advisors of the public … I find that also socially relevant" (see Table 7 for additional quotations). Thus, we empirically test the following:

> *H4a: Auditors who put more value on contributing to societal interest exhibit stronger action-oriented skepticism.*

Selection of Auditors Committed to Truth seeking

In discussing ideal auditor virtues, Cheffers and Pakaluk (2007), quote audit pioneers Dicksee and Montgomery (1905, 13) in describing auditors' duty to the investing public as "…to disclose to him or for him the truth, the whole truth, and nothing but the truth so far as his abilities and special training to that end enable him to ascertain it." The value of truth seeking also arose during our interviews. For example by an audit junior who mentioned: "I also feel that I need to understand what I've done or why I'm doing something, so I just keep asking until I know what I need to do and can also say to myself, 'Okay, I understand what I need to do. And what I need to do, I've done it as well as possible.' And I understand that for someone else, who already understands or knows, it might sometimes seem like: just make sure it gets done without asking

too many questions. But I do want to know what I'm doing, why I'm doing it, and how I can do it" (see Table 7 for additional quotations). Thus, we predict that auditors who are stronger truth seekers are more strongly committed to ensuring audit quality. We test the following association:

> *H4b: Auditors who demonstrate a stronger personal commitment to truth seeking exhibit stronger action-oriented skepticism.*

Selection of Auditors with Professional Pride

Although the academic literature has not paid much attention on the importance of having pride in the audit profession,[9] during the last several years the audit profession has extensively promoted the value of professional pride, spending a lot of money and time trying to foster pride in its audit professionals. There have been extensive #AuditorProud videos and campaigns in the USA, The Netherlands, and globally. A Google search on February 12, 2025, on "Auditor Proud" returned ~32.2 million hits, with firms' endorsements of it. Interviewees also stressed the importance of pride. For example, one partner stated: "I am very proud of what I do. Especially in the sense that I consider it a privilege to work in this profession. I think it's fantastic to work with a wide variety of clients and colleagues" (see Table 7 for additional quotations). As a result, we predict that stronger professional pride strengthen auditor commitment to ensuring audit quality:

> *H4c: Auditors who have more professional pride exhibit stronger action-oriented skepticism.*

Research Method

To test our H3-H4, we use *action-oriented skepticism* as our dependent variable. As documented in Part II, this variable captures individual differences in auditor commitment to taking actions, as needed, to ensure audit quality as well as better calibrated professional judgments in response to differences in audit evidence. We also develop our survey-measures of the cultural elements and

[9] For two exceptions see Scott (2004), who links pride to auditor integrity, and Libby and Thorne (2004) who characterize auditor pride as a noble virtue, along with other noble virtues like dignity and honor.

personal values that we predict to affect auditors' *action-oriented skepticism* based on interviewee comments, as noted below (see Panel B of Table 2 for variable descriptions and construct validity statistics).

We begin with cultural elements predicted to influence auditor commitment to taking actions need to ensure audit quality through socialization. To capture the degree to which audit quality is emphasized in important firm communication, we ask participants to think about their company's corporate culture and to answer the following question: "What are [company name]'s key cultural values; what does [company name] stand for? We create the variable *value communication* and code it +1 if participants' answer contains the word "quality", and 0 otherwise.[10] All four questions used to capture *audit voice culture* load on one factor, forming a reflective construct. To capture auditors' perceptions of *resource facilitation*, where higher values represent a culture of more supportive leadership, we first ask participants to think about all audit engagements they have worked on in the busy season and to indicate on what percentage of these engagements three budget-related statements would apply – especially in the last days of the audit engagement (on a 0-100% scale, as shown in Panel B, Table 2). Auditor responses to these three questions load on a reflective construct that we label *Resource facilitation*.

The final three independent values relate to personal values that are likely to strengthen auditors' commitment to ensuring audit quality. As shown in Table 2, we measure the extent to which auditors put more value on societal interest (*Importance society*) by asking participants to rate their agreement on a single-item construct. Second, we capture auditors' personal commitment

[10] To ensure that auditors move beyond merely echoing buzzwords but actually understand what the organization communicates as its values, we recode communication as +1 if participants' answer contains the word "quality", and -1 otherwise, and multiply it with the variable "understanding", which is a factor based on the following indicators: Rate your understanding of (1) [company name]'s values, (2) [company name]'s objectives, (3) [company name]'s priorities. The product takes on higher positive (negative) values for auditors that have a good understanding of the culture and think quality is (not) an important part of it. Results do not change if we use this product in our regressions for *Communication* instead of our binary measure.

to *Truth seeking* by measuring their level of agreement with two statements that reflect the extent to which they value truth seeking. Finally, we measure professional pride based on the pride concept in Suddaby, Gendron, and Lam (2009), using degree of agreement or disagreement statements (see Table 2, Panel B). Responses to these questions reflect the unidimensional and reliable construct *Professional pride*.

Control Variables

Building on prior research, we account for a range of organizational and individual factors that could act as alternative drivers of *action-oriented skepticism* (see Table 2, Panel C). By controlling for these variables, we ensure that our independent variables accurately capture the intended effects. First, we control for auditor competence. In order for auditors to be strong action-oriented skeptics they do not only have to value asking questions and being vigilant, they also need to be competent enough to do so (Libby and Luft 1993). For example, to push back on clients' estimates, auditors need to feel they have the ability to question the estimate and to provide good argumentation to client management as to why the estimate is unreasonable. We posit that action-oriented skepticism requires both technical and tacit knowledge as pushing back requires knowledge of the technical reason why, e.g., estimates are unreasonable, but also insight on when this behavior is appropriate (Bol et al., 2018). We capture auditor competence by asking the auditor participants to rate their agreement with two statements, one related to technical accounting and the other related to soft skills. We combine these two questions into a formative construct, *auditor competence*. We expect auditor competence to positively affect audit quality.

Another critical factor likely influencing the extent of *action-oriented skepticism* among auditors, as suggested by the literature, is independence (Tepalagul and Lin 2015). We capture independence based on participants' perceptions of audit firm leadership's independence from clients, using four statements as presented in Table 2, Panel C, and responses to these questions

form a formative construct that we label *independence*. Our next control variables focus on competing incentives are likely to weaken *action-oriented skepticism*. First, *performance conflict* captures incentives provided by formal controls that might hinder audit quality and, therefore, also negatively influence auditors' commitment to audit quality. Specifically, we create a factor based on the extent to which prioritizing audit quality negatively affects their performance evaluations (see Table 2, Panel C). Next, *competitive environment* captures the perceived competitiveness of the environment. In a competitive environment, auditors often feel pushed to deliver results, which likely negatively influences their action-oriented skepticism as auditors likely feel that they do not have the time to ask more questions or be collaborative. We use one statement to capture competitive environment, as shown in Panel C, Table 2.

Our final set of control variables acknowledges that the tension between profitability and audit quality is fundamentally a conflict between short-term and long-term interests. We capture this using three dummy variables—*long tenure, leave,* and *aim partner*—using the statements shown in Panel C, Table 2. Additionally, we include the Big 4 dummy, as prior research suggests that Big 4 firms place greater emphasis on audit quality (Lawrence Minutti-Meza, and Zhang 2011).

Results

Table 8 reports descriptive statistics on all independent and control variables. As can be seen, most variables exploit the full range of possible values, and exhibit reasonable means (medians). To test our third set of hypotheses, we rely on the following OLS regression specification:

$$action\ oriented\ skeptic = \alpha_0 + \alpha_1 value\ communication + \alpha_2 audit\ voice\ culture + \alpha_3 resource\ facilitation + \alpha_4 importance\ society + \alpha_5 truthseeking + \alpha_6 professional\ pride + CONTROLS + \varepsilon.$$

All three H3 hypotheses concern cultural elements that through socialization are predicted to lead to a higher commitment to audit quality. Given our non-directional prediction for *value*

communication in H3a, we have no specific expectation for α_1. H3b posits a positive association between *action-oriented skepticism* and *audit voice culture* ($\alpha_2 > 0$). For H3c, we expect that auditors who perceive their environments as facilitating sufficient resources ($\alpha_3 > 0$) will report stronger *action-oriented skepticism*. All the H4 hypotheses concern personal values: H4a posits that auditors who attach more importance to contributing to society ($\alpha_4 > 0$) will report stronger *action-oriented skepticism*. Likewise, H4b posits that the more auditors value truth-seeking, the higher their reported *action-oriented skepticism* is ($\alpha_5 > 0$). Finally, H4c posits that auditors with high professional pride will be stronger action-oriented skeptics ($\alpha_6 > 0$).

As shown in Table 9, the estimated coefficient for H3a is negative and significant. Thus, auditors whose answers on value communication includes quality demonstrate weaker *action-oriented skepticism*. This suggests that there was a perceived rhetorical oversimplification, which resulted in the value communication of audit quality backfiring.[11] More encouragingly, we find strong support for H3b and H3c. The coefficients on our proxies for both *audit voice culture* and *resource facilitation* are significant and in the expected direction. Finally, regarding auditor personal values, we find strong support for H4a and H4b, providing evidence that auditors who aim to contribute to society and are committed to truth-seeking also exhibit stronger action-oriented skepticism. We do not, however, find support for H4c, as professional pride is unrelated to action-oriented skepticism.

Regarding the control variables, we find that auditors reporting higher competence or firm tenure of more than five years in the current company score higher on action-oriented skepticism.

[11] We also investigate whether the simultaneous presence of other forms of supportive leadership coupled with *value communication* mitigates decoupling, making *value communication* more effective. In particular, as reported in Table 4, *value communication* is not statistically significantly correlated with either of the two other socialization controls, *audit voice culture* (r = +0.07) and *resource facilitation* (r = +0.06), nor with any of the three selection controls, *importance society* (r = +0.02), *truth seeking* (r = +0.00) and *professional pride* (r = +0.03).

Interestingly, auditors' future career ambitions are not associated with action-oriented skepticism, as neither a high ambition to become a partner nor a high likelihood of leaving the firm have a significant association with this variable. Surprisingly, independence negatively affects action-oriented skepticism. A post-hoc explanation is that auditors conclude they can be less vigilant when their firms more carefully screen clients. Finally, Big-4 auditors, on average, report stronger action-oriented skepticism.

In untabulated analyses, we segregate the data by junior auditors on the one hand, and senior auditors and partners on the other hand, to explore variations between these groups. Specifically, *audit voice culture* and commitment *to truth-seeking* significantly boost only the juniors' tendency to exhibit stronger action-oriented skepticism. In contrast, *professional pride* only plays a role in the action-oriented skepticism among senior auditors and partners, but not among juniors, suggesting that its impact may develop over time or be related to a (self) selection effect as careers in auditing advance. In terms of control variables, *independence* has a negative impact on the juniors' self-reported action-oriented skepticism, while *Big-4* is associated only with senior auditors' and partners' action-oriented skepticism.

V. CONCLUSION

We examine cultural elements and personal values that, through socialization and selection, cultivate auditors with a stronger commitment to taking steps, as needed, to ensure audit quality, i.e., auditors who exhibit stronger *action-oriented skepticism*. But, before examining the impact of these cultural elements and personal values, we first demonstrate that stronger action-oriented skeptics more effectively calibrate their professional judgments about addressing material misstatement risk based on whether the available evidence indicates aggressive accounting by management. Specifically, they take steps to ensure audit quality when needed, but without raising false alarms. The potential value of longer-term strengtheners of auditors' *action-oriented*

skepticism is also borne out in that a pre-task prosocial significance reminder does nothing to improve the calibration of auditors' professional judgments over the shorter-run. Perhaps the complex accountabilities in auditing prevent a prosocial reminder from being helpful in our setting despite their helpfulness in several other vocations (Grant 2007; 2008).

Thereafter, we draw on Ouchi's theory (1979, 1980) to examine *how* auditors' commitment to taking needed actions to ensure audit quality can be cultivated through socialization and selection. Guided by insights from our interviews, we focus on the specific cultural elements that socialize auditors to have a greater commitment to ensuring audit quality. We predict and find that a supportive firm leadership, specifically a culture in which auditors can voice concerns about client management's aggressive accounting choices and one that provides ample budgetary resources to thoroughly test management's assertions during busy season, are associated with stronger action-oriented skepticism. As for selection, we find that auditors who are more committed to truth-seeking and who more strongly desire to contribute meaningfully to society are also stronger action-oriented skeptics. This suggests that hiring and retaining auditors with these two specific personal values will facilitate a firms' auditors being more strongly committed to ensuring audit quality as a core value. Professional pride, however, does not influence junior auditors' action-oriented skepticism, which is unfortunate given audit firms' recent investments aimed at fostering pride in its audit professionals. Professional pride is only associated with stronger action-oriented skepticism among more experienced auditors.

Our study advances the state of the audit literature by shedding new light on several drivers of stronger auditor commitment to taking steps needed to ensure audit quality. We reveal a pragmatic way to address longstanding concerns about auditors' failure to address cases in which misstatement risk is objectively heightened without also causing them to pursue more false

positives. A practical implication is that audit firms may be able to improve their auditors' professional judgments about addressing material misstatement risk by refining their initial recruitment and promotion processes to favor truth-seekers and those who want to make a societal contribution. Audit firms can also invest in socialization controls that focus on fostering an audit voice culture and on deploying ample budgetary resources.

Although prior research highlights how clear value communication fosters understanding (e.g., Abernethy and Brownell 1997), we notably find neither shorter-term nor longer-term evidence of that pattern. Rather than being positively associated with stronger action-oriented skepticism, audit firms' communication of audit quality as a core value is negatively associated. This aligns with the concept of rhetorical oversimplification, where leaders downplay the trade-offs and complexities involved in achieving organizational objectives, leading to rejection of organizational values (Westphal 2022). Considering these competing theoretical perspectives, future research could explore whether the relationship is nonlinear. While our findings indicate a negative association at the average levels observed in our sample, this does not necessarily imply that low levels of value communication would be helpful. Modest levels of value communication still could be helpful. Perhaps it is only when communication is excessive or decoupled from practical realities that a negative association emerges. To investigate this further, future studies could employ more precise measures of value communication and examine for nonlinear relationships. Another profitable avenue for future research pertains to the social significance reminder, as we did not observe a significant impact in our setting. However, similar reminders have worked in other settings; so alternative forms of prosocial reminders—perhaps using more contemporary audit stories—might prove more effective. We leave this for future research to address.

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Exhibit 1

Auditors' Self-Perceptions of Degree to Which They Are Action-Oriented Skeptics

How often do you ensure high audit quality by:

	Never	Almost never	Seldom	Sometimes	Often	Almost always	Always
Pushing back to e.g., colleagues, your supervisor, the client	○	○	○	○	○	○	○
Following up with the client when appropriate	○	○	○	○	○	○	○
Being vigilant about things that are in the grey zone	○	○	○	○	○	○	○
Getting expert help if necessary	○	○	○	○	○	○	○

Note: Auditors qualitative responses of "Never", "Almost never", "Seldom", "Sometimes", "Often", "Almost always", and "Always' are coded as 1, 2, 3, 4, 5, 6, 7, respectively. Averaging across these four questions, the mean response corresponds closely to "Often" at 5.28. Taking into account one standard deviation of the average of participants' responses (0.77) creates an interval from "Sometimes" to "Almost Always" containing the majority of auditors' responses. However, the average of these four questions across participants ranged from 3.0 to 7.0, corresponding to "Seldom" and "Always".

Exhibit 2

Panel A. Excerpts of Evidence manipulation

Aggressive level of evidence is highlighted in grey

Look Back Analysis Revenue Growth Rate

To help assess the reasonableness of HK's assumption of an 8% annual growth in revenues through 2024, you decide to perform a look-back analysis of assumptions management used about revenue growth rates in the prior two years and compare those to actual revenue growth rates that later occurred.

Assumed Growth Rate: During the last two years management's assumption about revenue growth rate was 8% through 2023, 3% annual growth rate thereafter.

Actual Growth Rate: In both cases, the actual growth rate in revenue has been at least as high as assumed, i.e., 8.5% two years ago and 8% last year. Also, the growth rate in revenues has trended downwards.

Actual Growth Rate: In both cases, the actual growth rate in revenue has been lower than assumed, i.e., 7.5% two years ago and 7% last year. Also, the growth rate in revenues has trended downwards.

Sensitivity Analysis: For every 0.5% change in the assumed revenue growth rate, a $0.5 million change occurs in the estimated fair market value of the Glorious Gouda Trademark. For example, if a 9% (7%) instead of the 8% assumed revenue growth rate, the fair value estimate of the Glorious Gouda trademark would be $4 ($2) million, which is $1 million above (below) the book value.

Performance Materiality: $0.5 million.

When you ask the CFO about what caused the difference in assumed versus actual revenue growth rates, the CFO explains the following:

1. Positive relations with our suppliers enabled our projected price increase and new branding efforts to go into place sooner than originally planned, positively impacting growth.

1. Negative relations with our suppliers prevented our projected price increase and new branding efforts from going into place until later than originally planned, negatively but temporarily impacting actual growth.

2. Two years ago, we did not realize that a major competitor would implement a new fermentation process. This fermentation process increased the production time of our competitor's cheese, which made the competitor increase price due to the temporary decrease in the supply of their product. The competition's transitory price increase favorably affected our ability to raise prices, so we were able to raise our prices without hurting demand for our Glorious Gouda.

2. Two years ago, we did not realize that a major competitor would implement a new fermentation process. This fermentation process decreased the production time of our competitor's cheese, which made the competitor decrease price due to the temporary increase in the supply of their product. The competition's transitory price decrease unfavorably affected our ability to raise prices, so we did not raise our prices in order to avoid hurting demand for our Glorious Gouda.

3. Our competitor may well discontinue its new fermentation process, as it has been more expensive than they originally estimated.

4. Overall, a revenue growth rate of 8% through 2024 remains a reasonable assumption. Thus, no impairment is evident. We will continue to monitor this situation. If we must revise the growth rate in future years, we will.

5. We will disclose a sensitivity analysis in our footnotes to the financial statements.

Panel B. Experimental manipulation: Prosocial significance reminder

Please read the passage below, which is about pioneers who helped establish the modern audit profession. After you have finished reading it, we will have a question for you to briefly answer.

In the 19th Century, **John Doe** had become the sole registrar at **Big Company**. **Doe** perfected a clever scam, transferring numerous stock shares to himself. Using dividends from these illicit shares, he became rich and bought a grand house near a lovely park. The company's internal auditors noticed a discrepancy between the amount of **Big Company's** total dividend payments and its authorized capital, but they continued to declare that the company's accounts were correct. A few years later, however, an external auditor had the creativity to unravel and courage to expose **Doe's** fiscal misbehavior. Convicted of felonious fraud, **Doe** was transported in **Year** to **Location**. Other **Big** companies rushed to hire an external auditor to examine their books, which helped clean up wide scale corruption that plagued the **Big company** industry. Thanks to these victories, the investing public held a very positive opinion about external auditors.

In another case, a pioneering auditor who did not tolerate any hint of fraud rose swiftly in his accounting firm's leadership because of his outstanding reputation for competence, honesty, integrity. After leading his audit firm for years, he was appointed the accountant for the **Royal Post** and **honored**. Long after his death, his integrity and impartiality lived on in his descendants. His son served as **important post** to **Political Figure** during **major war**, and his great-grandson became one of the **political family**'s more trusted aids. His unwavering commitment to the public led to cost-cutting that saved taxpayers an estimated **big number** every year for over a decade. He also convinced the **political figure** to start paying income taxes in **year** and to quit using **an expensive mode of transportion** because its extreme cost was excessive and unfair to taxpayers.

As you can see, the auditing profession can create tremendous value for society by being a courageous champion of integrity, objectivity, and honesty.

In one or two short sentences, how would you describe your key takeaways from the passage above?

*Note: In **boldface** have replaced actual names with generic substitutes to mask participating audit firms.*

Exhibit 3 Interview script

What is your position? What do you do daily? What are your main responsibilities?
How long have you been working for the organization?
Do you see yourself working for this organization for the rest of your career?
What are your qualifications (e.g., degrees)?
What are you proud of here?
How do you experience the culture in your engagement team on a daily basis?
What do you consider the most positive/negative aspects of this culture?
What do you need to do to make progress/succeed?
How do you ensure that people appreciate and approve of your behavior?
How would you describe the culture in your organization?
Are you familiar with the organization's:

- Overall goals; Mission/Vision; Code of conduct; Norms/beliefs/values; "How things are done," such as how to interact, how to prioritize goals; shared traditions

How important do you think these are?

- Are they documented?
- How are they communicated?
- Are they emphasized in any way, and if so, how?

Do they influence your or your employees' behavior (e.g., commitment, decision-making)?

- Do you agree with each of them?
- Are there things you personally view differently?

What do you think about the organization's "tone at the top" (behavior of senior management)?

- And about the "tone in the middle," meaning, are the statements and actions of your direct supervisor and local manager aligned with the organizational culture?

Do you feel comfortable/safe to speak up freely or stand up for something?

- Are you encouraged to do so?
- Who would you go to if you had a question or concern?
- How would your supervisors react if you brought a concern to their attention?
- Would you hesitate to challenge your supervisor? Do you trust your supervisor?

What does the selection process look like?

- How are the company's cultural values reflected in the selection process?

How do you receive training?

- How often do you have formal training? What are these trainings about?

How are the company's cultural values addressed in training? Do you have a mentor/personal coach?

- How often do you meet them? What do you discuss?

How do the cultural values influence the way of working/team processes?

- Are there group rewards (e.g., bonuses based on company performance)?
- How are successes celebrated?
- What social events are held that are not client-related?

How would you define audit quality?

- Identify the different dimensions of audit quality and their relative importance.
- What factors drive the various dimensions of audit quality?
- How does the organization handle potentially conflicting goals (e.g., client satisfaction/low fees vs. audit quality)?
- What is the relative importance of ensuring "high audit quality"?
- Are there conflicting values?
- What is the relative importance of culture in ensuring high audit quality?

How is performance evaluated?

- Do you know your targets/criteria?
- Do good performances lead to bonuses, recognition, job security, promotion, autonomy?

How is the culture reflected in the performance evaluation process? (socialization)

- Explicit performance measures; implicit performance evaluation; explicit and implicit promotion criteria

Are there behavioral constraints?

- For example, no access to certain information, limited autonomy, responsibilities spread out.
- To what extent are you personally responsible for your behavior/actions?

Do you feel you have all the resources (knowledge, time, skills, etc.) to perform tasks properly?

- If not, what do you lack, and what do you do in such cases?

How do employees deal with conflicting goals (client satisfaction/low fees vs. audit quality)?

- How does this differ from the ideal approach?

How is this reflected in the performance evaluation system?

- Balancing conflicting targets, weights assigned implicitly or explicitly?

TABLE 1
Data Collection Overview

Method	Participants (n)	Firm (n per firm)	Position (n)
Interviews	34	Big 4 A (10) Big 4 B (15) Non-Big 4 A (9)	Junior (14) Senior (17) Partner (3)
Experiment and Survey	399	Big 4 A (114) Big 4 B (170) Non-Big 4 A (20) Non-Big 4 B (71) Non-Big 4 C (24)	Junior (240) Senior (113) Partner (46)

Juniors are Junior Staff/Auditors, Senior Auditors and Junior Managers.
Seniors are Mangers, Senior Managers and Directors.

TABLE 2
Construct measurement and factor analysis [a]

Panel A: Section II Measured Variables for Experimental Tests of H1 and H2	
Dependent construct	
Risk Assessment (AVE: 0.37, CR: 0.84, Cronbach's Alpha: 0.83)	Loadings
How comfortable are you, as an auditor, with management's assumed revenue growth rate of 8%	**0.682**
Do you believe that management's 8% growth assumption is neutral or that it is biased? And, if you believe it is biased, would you say it is conservatively or aggressively biased? (R)	**-.579**
How reasonable or unreasonable is management's 8% revenue growth assumption?	**.634**
How would you rate the overall quality of evidence provided by management?	<.400
How would you rate management's interpretation of the look-back evidence?	**.418**
In this situation, should the audit partner "sign off" and grant a clean audit opinion on HK's financial statements if HK management refuses to lower its revenue growth assumption so that it does not need to record an impairment loss on its trademark?	**.628**
In this situation, if management refuses to lower its revenue growth assumption, the highest integrity, most appropriate action for the auditor would be to refuse to issue a clean opinion, even if that potentially means a loss of audit fee revenue from HK. (R)	**-.625**
In this situation, I would be proud of my firm and its culture if the engagement partner took a stand and refused to sign off on management's financial statements unless management first decided to use a lower revenue growth assumption and take an impairment loss on their trademark. (R)	**-.648**
The most realistic action for my firm's engagement auditor would be to issue a clean opinion this year. That way, we collect all of the related audit fees. We could quietly tell the audit committee and management that, in the future, an impairment likely will be needed unless actual revenue growth rates increase. (excluded)	<.400
Although a lower growth rate assumption appears to be more appropriate, it is acceptable for HK to assume 8% as its revenue growth rate for determining its balance sheet's carrying value, provided that their notes to the financial statements disclosed a sensitivity analysis that reveals what impairment loss would occur if a lower revenue growth were assumed.	**.554**
How much risk exists that HK's financial statements are materially overstated because of a material overstatement of the Glorious Gouda trademark asset and related understatement of an impairment loss? (R) (1 extremely low risk; 7 extremely high risk).	**-.639**
Measured independent variable	
Action-oriented skeptics (AVE: 0.43, CR: 0.75, Cronbach's Alpha: 0.72)	
How often do you ensure high audit quality by… [7 point Likert scale: Never, almost never, seldom, often, almost always, always]	
Pushing back to e.g., colleagues, your supervisor, the client	**.598**
Following up with the client when appropriate	**.678**
Being vigilant about things that are in the grey zone	**.774**
Getting expert help if necessary	**.556**

Panel B: Section IV Measured Determinants of Action-Oriented Skeptics	
Value Communication	
Equals 1 if participants' answer to the following question contains the word "quality", and 0 otherwise: "What are [company name]'s key cultural values; what does [company name] stand for?"	
Audit Voice Culture (AVE : 0.37, CR : 0.70, Cronbach's Alpha: 0.70)	
There are many resources (like the partner, the specialists, etc.) to help when I have questions	**.513**
Through tone at the top, open communication is promoted	**.689**
[Company name]'s culture gives me the feeling that I do not have to hide my mistakes	**.652**
I feel like my supervisors, including the audit partner, truly appreciate learning when I have serious concerns about the quality of management's accounting estimates or disclosures	**.577**
Resource Facilitation (AVE: 0.89, CR: 0.92, Cronbach's Alpha: 0.91)	
Please think about all audit engagements you have worked on in the busy season: On what percentage of these engagements would each of the following statements apply. Think especially about the last days of the audit engagement (scale from 0-100%).	
The budget allows for sufficient time for our audit team members and I to think critically about the information provided by the client	**.941**
The budget allows for sufficient time for our audit team members and I to be critical about client management's estimates that are in the grey zone	**.940**
The budget allows for sufficient time to involve experts if it is beneficial to audit quality	**.787**
Importance society (single item construct)	
Contributing to society is very important to me	
Truth seeking (formative construct)	
I really like to get to the bottom of things	
I cannot stand it when something is not exactly correct	
Professional pride (AVE: 0.51, CR: 0.86, Cronbach's Alpha: 0.86)	
I am proud to be an auditor	**.796**
I am especially proud to work for [Company name]	**.667**
I care deeply about the future of the audit profession	**.682**
I am proud to tell my friends that I am an auditor	**.751**
I am extremely happy that I chose the audit profession over others I was considering at the time I joined	**.759**
I consider being an independent auditor a significant professional accomplishment	**.596**
Panel C: Control Variables (Parts II, III & IV)	
Performance conflict (AVE: 0.90, CR: 0.97, Cronbach's Alpha: 0.97)	
To what extent do you feel that prioritizing audit quality harms performance on other KPI's that are important for:	
Your annual performance rating	**.942**
Your next promotion	**.982**

Opportunities within [Company name]	**.927**
Competitive environment (single item construct)	
A competitive culture keeps me from collaborating/asking colleagues for help	
Auditor competence (formative construct)	
I have the technical accounting and audit knowledge to competently do the tasks that are asked of me	
I have the soft skills (e.g., communication skills, management skills) to confidently do the tasks that are expected of me	
Independence culture (formative construct)	
I feel like the partners take on too many clients (R)	
I feel like the partners would fire a client when its deliverables threaten audit quality	
[Company name] ensures that we do not have clients from whom we cannot be independent	
I feel like the partners do not distinguish between strategic and non-strategic clients in the services that they offer	
Long tenure	
Equals 1 of auditors work for their firm for more than 5 years and 0 otherwise.	
Leave	
Equals 1 if auditors rate the following question with 1-5 (based on a scale from 1: Extremely unlikely to 7: Extremely likely): What is the likelihood of you still working for {Company Name} a year from now? If participants rate this question 6 or 7, *Leave* equals 0.	
Aim partner	
Equals 1 if participants answer 6 or 7 to the question "I have the ambition to become a partner", and 0 otherwise.	
Big 4	
Equals 1 if auditors work for a Big 4 firm and 0 otherwise.	

[a] This table presents the survey items and standardized confirmatory factor loadings for all multi-item reflective survey constructs. Factor loadings > 0.400 used in the final measurement of constructs are highlighted in bold. Unbolded loadings have an absolute value below 0.40 and are thus excluded from constructs. Reverse coded items are identified with (R). Abbreviations: AVE, average variance extracted. CR, composite reliability.

TABLE 3
Additional Indicative Quotations from Interviews for Action-oriented skepticism

Transcribed interview text
"We're currently dealing with a client. A financing structure with all kinds of entities in the Bahamas and the Cayman Islands. I find it ethically challenging, I don't want to say irresponsible, but […] it's very gray. And if I were a manager or partner, I certainly wouldn't want to put my signature or tie myself to such a client." *Junior, Big-4 A*
"… sometimes I do get the sense that because we're paid by a client, there are sometimes different choices made than if we weren't being paid by the client. […] There are partners who are a bit more accommodating with the client than others" *Senior, Big-4 A*
"The team structure is not always supportive to reach the quality we need […] it's quite a big challenge for me sometimes to reach that quality level. […] and then the board is saying we need to finalize and then you get the pressure […]. And then we all agree, OK, we sign off now with compliance, with quality review, with the board, but then you know that the audit file is not always in shape, it's not sufficiently in shape, if you ask me. [Interviewer: So how do you deal with this pressure?] "Ignore it" *Senior, Non Big-4*
"The quality must be good, as a partner you must be able to defend your entire file, which means that sometimes, from my role as a partner, I go into the details deeper and thereby see things, ask questions, etc., where previously you might have learned more on the team." *Partner, Big-4 A*
[In the past, we would not do things because we saw no risk]. "But we didn't document well why we saw no risk. And I do notice that we are doing that much clearer now. […] [We are] making much more conscious decisions about: is it a risk or not*?" Partner, Big-4 A*
"Look, the only thing where I occasionally have some criticism towards myself and towards the organization is whether, for a client like the ones I serve, everything should be done in the same way as it is for [names a few large firms], or name any large corporate. Whether everything should be documented in the same detailed manner." *Partner, Big-4 A*
"More hours also mean less realization. So there are conflicting interests for the firm or the partner or the manager, and they often choose, at least from my perspective, they often choose: we won't do too much extra work, or we won't completely adjust our risk, or we'll just let it go." *Junior, Big-4 A*
[On managers reviewing juniors' work:] [They] "only look at real risk areas in audits and not so much [at] everything." *Junior, Big-4 B*
"I always find templates a bit dangerous, you know. On the one hand, they're really handy, but it's also important that people keep thinking for themselves. Sometimes you see people just doing exactly what's in the template without thinking for themselves, like, 'Oh, this is also important, or this is missing from the template,' because a template is very generic and not specific to the client. So, … we just need to keep thinking, you know, and make sure it's specific to this client, for example." *Junior 2, Big-4 B*

TABLE 4
Correlation Table

Pairwise correlations (p-value, two-tailed)

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
(1) Prof. Judg.	1.00																	
(2) A-O	-0.20	1.00																
skeptic	(0.00)																	
(3) prosocial	-0.02	-0.00	1.00															
significance*	(0.65)	(0.95)																
(4) evidence*	-0.25	-0.03	0.028	1.00														
	(0.00)	(0.57)	(0.58)															
(5) value	-0.10	-0.08	-0.01	0.02	1.00													
comm.	(0.05)	(0.11)	(0.86)	(0.67)														
(6) audit	-0.13	0.35	-0.04	0.06	0.07	1.00												
voice culture	(0.01)	(0.00)	(0.46)	(0.25)	(0.16)													
(7) resource	-0.11	0.41	0.04	0.05	0.06	0.39	1.00											
facilitation	(0.02)	(0.00)	(0.41)	(0.36)	(0.21)	(0.00)												
(8) imp	-0.02	0.23	0.06	0.06	0.02	0.18	0.04	1.00										
society	(0.71)	(0.00)	(0.24)	(0.23)	(0.73)	(0.00)	(0.47)											
(9) truth	-0.11	0.24	0.03	-0.01	0.00	0.21	0.09	0.19	1.00									
seeking	(0.03)	(0.00)	(0.62)	(0.92)	(0.97)	(0.00)	(0.07)	(0.00)										
(10) prof	-0.09	0.30	-0.02	-0.00	0.03	0.42	0.27	0.35	0.22	1.00								
pride	(0.06)	(0.00)	(0.67)	(0.98)	(0.54)	(0.00)	(0.00)	(0.00)	(0.00)									
(11) perf	0.16	-0.14	0.02	-0.10	-0.06	-0.23	-0.26	0.07	-0.08	-0.15	1.00							
conflict	(0.00)	(0.01)	(0.72)	(0.04)	(0.24)	(0.00)	(0.00)	(0.19)	(0.10)	(0.00)								
(12) comp	0.03	-0.09	0.03	0.02	-0.05	-0.13	-0.18	0.13	-0.03	-0.09	0.31	1.00						
environment	(0.51)	(0.08)	(0.56)	(0.69)	(0.30)	(0.01)	(0.00)	(0.01)	(0.50)	(0.07)	(0.00)							
(13) aud	-0.20	0.45	0.00	0.03	0.06	0.46	0.22	0.18	0.14	0.31	-0.16	-0.12	1.00					
competence	(0.00)	(0.00)	(0.94)	(0.59)	(0.20)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.02)						
(14) independ	-0.11	0.15	-0.01	-0.02	-0.01	0.37	0.35	0.16	0.04	0.41	-0.20	-0.05	0.19	1.00				
	(0.03)	(0.02)	(0.86)	(0.66)	(0.91)	(0.00)	(0.00)	(0.02)	(0.44)	(0.00)	(0.00)	(0.36)	(0.00)					
(15) long	-0.15	0.26	0.05	-0.00	0.02	0.02	0.19	0.08	-0.01	0.21	-0.13	-0.02	0.11	0.20	1.00			
tenure	(0.00)	(0.00)	(0.29)	(0.99)	(0.76)	(0.63)	(0.00)	(0.12)	(0.92)	(0.00)	(0.01)	(0.74)	(0.04)	(0.00)				
(16) leave	0.10	-0.13	-0.08	-0.08	-0.00	-0.31	-0.18	-0.08	-0.09	-0.31	0.17	0.13	-0.15	-0.26	0.05	1.00		
	(0.04)	(0.01)	(0.13)	(0.13)	(0.96)	(0.00)	(0.00)	(0.14)	(0.08)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.30)			
(17) aim	-0.06	0.24	0.04	0.03	0.01	0.14	0.25	0.10	0.00	0.29	-0.15	0.01	0.18	0.26	0.28	-0.25	1.00	
partner	(0.23)	(0.00)	(0.49)	(0.61)	(0.80)	(0.01)	(0.00)	(0.05)	(0.99)	(0.00)	(0.00)	(0.86)	(0.00)	(0.00)	(0.00)	(0.00)		
(18) Big4	-0.04	0.22	0.11	-0.05	-0.14	-0.10	0.01	-0.01	0.17	-0.07	0.12	0.04	0.07	-0.18	0.13	0.08	-0.06	1.00
	(0.45)	(0.00)	(0.03)	(0.35)	(0.01)	(0.06)	(0.87)	(0.91)	(0.01)	(0.15)	(0.02)	(0.42)	(0.91)	(0.00)	(0.01)	(0.12)	(0.26)	

Items (4) and (5) in boldface were manipulated experimentally; all other variables are measured.

TABLE 5
Descriptive statistics Part I

	n	Mean	St. Dev.	min	max
Panel A: Full sample					
Dependent variables					
Professional judgment (PJ)	399	2.73	0.72	1.00	5.78
Measured independent variable					
Action-oriented skepticism	399	5.28	0.77	3.00	7.00
Panel B: Aggressive growth rate sample					
Dependent variables					
Professional judgment	204	2.56	0.67	1.00	5.11
Measured independent variable					
Action-oriented skepticism	204	5.26	0.81	3.50	7.00
Panel B: Reasonable growth rate sample					
Dependent variables					
Professional judgment	195	2.90	0.73	1.56	5.78
Measured independent variable					
Action-oriented skepticism	195	5.30	0.73	3.00	7.00

This table presents descriptive statistics for the key variables used in our analysis in Section II of the paper. See Table 2 for the measurement of all multi-item constructs.

TABLE 6
Hypothesis Tests Sections II & III of Paper

		Evidence	
		Aggressive	**Reasonable**
		(I)	(II)
VARIABLES	*Expected sign*	Prof. Judg.	Prof. Judg.
action-oriented skeptic	H1 (-) for	-0.26***	-0.03
	Aggressive Evidence	(0.07)	(0.09)
prosocial significance	H2 (-) for	-0.07	0.01
	Aggressive Evidence	(0.12)	(0.14)
value communication		-0.16	-0.16
		(0.12)	(0.14)
audit voice culture		0.13*	-0.10
		(0.08)	(0.08)
resource facilitation		0.18**	-0.08
		(0.07)	(0.08)
importance society		0.00	0.18**
		(0.05)	(0.06)
truth seeking		-0.06	-0.09
		(0.06)	(0.07)
professional pride		0.06	0.06
		(0.07)	(0.08)
performance conflict		0.15**	0.00
		(0.07)	(0.07)
competitive environment		0.03	-0.09
		(0.03)	(0.04)
auditor competence		-0.10	-0.13
		(0.06)	(0.08)
independence culture		-0.17**	-0.03
		(0.07)	(0.08)
long tenure		-0.06	-0.30**
		(0.13)	(0.14)
leave		0.00	0.27*
		(0.15)	(0.16)
aim partner		0.09	0.22
		(0.14)	(0.17)
big4		-0.07	-0.12
		(0.13)	(0.16)
constant		0.92	0.43
		(0.56)	(0.60)
Observations		204	195
R-squared		0.12	0.11

Bold faced variables are manipulated factors; all others are measured variables. Standard errors in parentheses.
*** p<0.01, ** p<0.05, * p<0.1, two-tailed.

TABLE 7
Additional indicative quotations describing cultural controls for Section IV of Paper

Transcribed interview text
Socialization control: Value communication "Those values are often used in training but if you are a guy or a girl from 23 and you get, yes, "We want to be the most trusted auditor", what do you mean with that? So, there is some communication breach between what we want to be and how we deliver it to the people. And of course, it's also my role to make it more clear what I expect, but then of course my challenge is there, I don't have sufficient time." *Senior, Non Big-4* "[…] there've been of course some changes over the period. Culture has now been also far more linked with quality. [] so there's this big slogan: quality priority number one. That's been within [firm name] for a couple of years now, and that's really – you see that also through people who really picked it up." *Senior, Big-4 B* *When Interviewer asks about the firm values* "[The values] are very much alive within the firm" *"How are they communicated? Is it tone at the top? In which activities do they emerge? When are they emphasized?"* "In formal training sessions that we have annually. Everyone who is employed at [firm name] from a certain level has an annual [names performance evaluation]. This is part of that. It's also emphasized within teams. We always do a kick-off meeting at the start of an audit, where partners, managers, and teams come together to make agreements regarding the audit. These norms and values are also part of this. How do we interact with each other and with the client? So, it appears both in formal communication at the partner and executive level, also via email, newsletters, as well as in formal training and operationally during the audit." *Senior, Big-4 A* "I can't recite all [our values] off the top of my head […] Don't hold it against me." *Senior, Big-4 A* *When interviewer asks about the firm values:*"[names three] the other three I don't know by heart" […]"When you develop core values, everyone within the company must know what those core values are. So, if you ask me what the core values are and I can only name three, then you would say it hasn't taken hold well." *Junior 2, Big-4 A*
Socialization control: Audit voice culture [We have] "an open culture, where I believe you can say and express anything that you need to get off your chest, and where everything is up for discussion." *Partner, Big-4 A* [Our culture is] quite quality-driven. We consider it important to do that well. Especially the quality standards that exist from the regulations in the societal expectations. I think that's paramount." *Senior, Big-4 B* "If a senior makes a point that isn't correct, a junior can say that it isn't correct. We have an open culture." *Senior, Non-Big 4* "This is communicated from the top down. Like, let us know if you find something, let us know if you disagree with something, and don't be afraid to communicate and make mistakes." *Junior, Big-4 B* [on coaching] "that's something we are lacking now, and that coaching should be from the supervisor or manager but we don't always have those people on the team or they have no sufficient time to coach or they are under certain pressure, so they do not coach. But the junior people need more coaching." *Director, Non Big-4*
Socialization control: Resource facilitation One partner, for example, if we are facing a deadline and we know we are not going to make it, is very easygoing and will say, ... We will arrange with the client to move the deadline back.' Another partner, however, is more driven and insists that we still meet the deadline. So you do see a difference there." *Manager, Big-4 A* "there's a lot of emphasis on billable hours. […] Don't work too many hours, because it has to fit within the budget." *Junior, Big-4 B*

"Pressure on the budget increased […], they started paying more attention to the hours you worked." *Senior, Big-4 A* "In the first years, when we started to make the quality better, there was sort of arrangement that the audit budget wasn't important, the quality was important, the budget wasn't. So, if you didn't get the quality with the budget you had, it was no problem, the quality was the first priority." *Senior, Non Big-4*
Selection control: Societal interest "Sometimes I miss the societal significance of my work and my presence in general. I'm not someone who would go into a hospital or nursing, but there you have the feeling that you're directly doing good, and sometimes I miss that feeling here. It all sounds nice for the societal aspect, but you don't really feel it that way. At least not in my case." *Junior, Big-4 A* "you do it for society, yes, definitely. […] attention is certainly paid to that. […] ultimately you do something because you want to do it well. […] You want the clients to do what is right, namely follow the correct rules. You want societal interactions, the investors, the stakeholders, to rely on the position you take as an accountant [...]. Yes, those are truly the matters that occupy you throughout the day." *Senior, Big-4 B* "I find it important to be actively involved in other roles or extracurricular activities in society alongside my work […]. I've even inquired about the possibility of working 36 hours a week so that I can allocate time for that as well." *Junior, Big-4 A* *Interviewer asks whether people put a lot of emphasis on the societal impact of auditors*. "Well, I can't say that. Look, maybe it's there subconsciously. But no, I can't say that they are completely consumed by it all day. I don't believe that either. What you probably do realize is that you are not unimportant in the business world. That you do contribute something and that clients and the public expect something from you as an accountant. But no, you're not consciously thinking about that every day, I don't believe that either." *Partner, Big-4 A* *Interviewer asks: And does it motivate you, the role that auditors play within society? Can you say, well, what have we ensured works in the capital market?* " I don't really have an exemplary role or anything […], but […] you have an annual account and the users of the annual account must simply be able to rely on it. And now of course this does not affect me directly or indirectly, but if you're, for example, a major shareholder or a major investor, a certain bank, and you want to invest in certain companies, then you must have a sense of the figures.... And we of course ensure that. Because otherwise, it would be the end if a [names two large banks] doesn't know where they can or cannot invest. If major shareholders know whether those figures are correct or not. Look, for them it's really about money. And we ensure that, and I'm then in my role as a trainee, a very small link, but still you .... have checked for the balance that is there, then you know that you have seen that." *Junior, Big-4 A*
Selection control: Truth seeking "Last year we had a training … behind the selection of the sample size …. Why should I know that? I want to know how to use sample size calculation, but how it statistically works is not something I need to know." *Senior, Non Big-4* "[They told me I've been too critical.] Not towards the client, but rather too critical in the sense that it's good to be critical, but you can also go overboard and go too far to obtain certain evidence. At a certain point, the chance of a material misstatement becomes so small." *Junior, Big-4 B* "We really try to emphasize not just following standard procedures but also understanding and critically evaluating the information we process" *Senior, Big-4 A* "I think you need to be eager to learn. Within that eagerness to learn, you must remain critical. If you tell me that this is always how it works: why? I find that very important" *Senior, Big-4 B*
Selection control: Professional pride [In reply to "are you proud to work here?"] "No, absolutely not" *Junior, Non Big-4* *In reply to: are you proud of your job?* "Yes, otherwise I would not have been here for ten years. I still find it an extremely enjoyable profession." *Senior , Big-4 A*

TABLE 8
Descriptive statistics Part III

	n	Mean	St.Dev	min	max
communication	399	0.42	0.49	0.00	1.00
audit voice culture	399	5.35	0.85	2.25	7.00
resource facilitation	399	61.43	23.56	0.00	100.00
importance society	399	4.88	1.29	1.00	7.00
truth seeking	399	5.55	0.98	1.00	7.00
professional pride	399	5.18	0.94	1.00	7.00
performance conflict	399	3.48	1.61	1.00	7.00
competitive environment	399	3.38	1.73	1.00	7.00
auditor competence	399	5.86	0.51	4.00	7.00
independence culture	399	4.58	0.98	1.00	7.00
long tenure	399	0.46	0.50	0.00	1.00
leave	399	0.26	0.44	0.00	1.00
aim partner	399	0.27	0.45	0.00	1.00
big4	399	0.71	0.45	0.00	1.00

This table presents descriptive statistics for the independent variables used in our analysis in Section IV of the paper. See Table 2 for the measurement of all the multi-item constructs.

TABLE 9
Drivers of Internalization of Audit Quality as a Core Value

VARIABLES	*Expected sign*	action-oriented skeptic
value communication	H3a (±)	-0.22***
		(0.01)
audit voice culture	H3b (+)	0.11**
		(0.05)
resource facilitation	H3c (+)	0.27***
		(0.05)
importance society	H4a (+)	0.09**
		(0.03)
truth seeking	H4b (+)	0.11**
		(0.04)
professional pride	H4c (+)	0.06
		(0.05)
performance conflict		0.01
		(0.04)
competitive environment		-0.02
		(0.02)
auditor competence		0.29***
		(0.04)
independence culture		-0.08*
		(0.05)
long tenure		0.22**
		(0.09)
leave		-0.00
		(0.10)
aim partner		0.12
		(0.10)
big4		0.41***
		(0.09)
Constant		-1.03***
		(0.37)
Observations		399
R-squared		0.41

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1, two-tailed.