CFO.com: Persuasion by CFOs Could Spur Faulty Audits

February 19, 2015

An article on CFO.com highlights new research by the Freeman School's Kris Hoang on auditor reactions to persuasive tactics. For the study, Hoang and co-author Sanaz Aghazadeh looked at how 85 auditors from large international accounting firms react to persuasive language from clients and pressure to accommodate their wishes.

> The professors conclude that client-services pressure – the kind that may occur when a senior audit partner tells auditors that the client will be completing a satisfaction survey at the end of the audit – changes how the auditor interprets a client's expression of confidence in the numbers. Auditors under such pressure "perceive client confidence as a cue to a persuasion attempt, rather than as an innocuous message," according to the study.
>
> But such skepticism about the client's motives doesn't spur auditors to fact-check the corporation's numbers by consulting its vendors or customers. Auditors "only seek more powerful evidence when they encounter persuasive language under weaker client service pressure," the researchers find.
>
> "Thus, even though stronger client service pressure sensitizes auditors to persuasion, it simultaneously deters auditors from pursuing evidence from a more objective source," they add.

To read the article in its entirety, visit CFO.com:

http://ww2.cfo.com/auditing/2015/02/unfriendly-persuasion-cfos-spur-faulty-audits/