We examine the implications of auditor education for audit quality. We exploit a novel institutional setting in the UK where audit engagement partners are identifiable and auditors have diverse university-level educational backgrounds. Using hand-collected data for a large sample of audit partners we establish three main findings. First, auditors with an accounting degree are more likely to detect earnings manipulation and to charge higher audit fees, but only relative to their peers with a non-quantitative social sciences background. Second, when compared to other quantitative degree subjects, accounting education is not associated with lower financial reporting discretion or increased audit fees. Finally, individual partner education plays an insignificant role in Big4 audit firms. Overall, our study provides direct evidence on the incremental value of accounting education for audit quality.
None
Web Links
None
Additional Information
Declaration
Details of relevant outputs of this award have been submitted to the CERF Database and details of any ensuing outputs will be submitted in due course.
Signature - Main Award Holder