

Report Type

Mid Term Award Report

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Project Title

Auditor University Education: Does it Matter?

Project Start Date

Jan 01, 2016

Project End Date

Dec 31, 2020

Project Abstract

We examine the implications of auditor education for audit quality and audit pricing. We exploit a novel institutional setting in the UK where signing auditors are identifiable and have diverse university-level educational backgrounds. Using hand-collected data for a large sample of signing auditors we establish two main findings. First, auditors with directly relevant university-level education in accounting are not associated with higher accruals quality or higher audit fees relative to auditors with other university degrees. However, the broader set of auditors who major in fields with a quantitative emphasis, including accounting, are associated with higher accruals quality and with higher audit fees, when compared to their peers with more qualitative educational backgrounds. Overall, our study provides direct evidence on the incremental value of education for the audit profession.

Activities and Achievement

We have received a positive Revise and Resubmit from European Accounting Review (EAR), to be resubmitted by November 2019.

Dissemination

We were invited to present the paper at the European Accounting Association 2017 Congress in Valencia, the 27th Audit & Assurance Conference in London, and the Accounting Research conference at ESMT Berlin in 2018. In 2019, we presented our findings to the ICAEW, the largest chartered accountancy certification body in the UK. We received positive feedback and further suggestions, which we will incorporate into the latest revision at EAR.

Outputs

Title: Auditor University Education: Does it Matter?

Abstract: We examine the implications of auditor education for audit quality and audit pricing. We exploit a novel institutional setting in the UK where signing auditors are identifiable and have diverse university-level educational backgrounds. Using hand-collected data for a large sample of signing auditors we establish two main findings. First, auditors with directly relevant university-level education in accounting are not associated with higher accruals quality or higher audit fees relative to auditors with other university degrees. However, the broader set of auditors who major in fields with a quantitative emphasis, including accounting, are associated with higher accruals quality and with higher audit fees, when compared to their peers with more qualitative educational backgrounds. Overall, our study provides direct evidence on the incremental value of education for the audit profession.

SSRN Link:

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3364386

Major Difficulties and Any Other Issues

None

Web Links

https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3364386