

Report Type

Mid Term Award Report

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Project Title

The effect of auditor educational characteristics on audit quality

Project Start Date

Jan 01, 2016

Project End Date

Dec 31, 2019

Project Abstract

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 handcollected

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 nonquantitative

social sciences background. Second, when compared

to other quantitative degree subjects, accounting education is not associated with

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.

Activities and Achievement

We have completed a first draft and are revising it based on comments from EAA and peer reviewers.

Dissemination

We were invited to present the paper at the European Accounting Association 2017 Congress in Valencia as well as the 27th Audit & Assurance Conference in London.

The early draft was unfortunately rejected by The Accounting Review but we are revising the draft based on reviewer comments and preparing to submit to Management Science.

Outputs

Major Difficulties and Any Other Issues

None.

Web Links

None. Electronic copy of paper attached as pdf file.