CFO.com: Persuasion by CFOs Could Spur Faulty Audits

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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.
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> "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/