

When Auditors' Skeptical Judgments Do Not Lead To Skeptical Actions

ABSTRACT: Auditors are required to maintain professional skepticism through the course of an audit engagement. Professional skepticism is maintained through both skeptical judgment and observable skeptical behavior (skeptical action). However, auditors who exhibit professional skepticism in judgment do not always exhibit professional skepticism in action. The present study examines whether social presence alters the likelihood of auditors acting on skeptical judgments by utilizing an experimental setting where participants interact with a hypothetical client using four different communication mediums varying in social presence. Results suggest that auditor-client interactions high in perceived social presence inhibit auditors from acting on skeptical judgments compared to auditor-client interactions that are low in perceived social presence. Results extend literature on auditor-client interactions, professional skepticism, and communication medium while also informing regulator concern over inappropriately applied, or even absent, professional skepticism.

Keywords: Professional skepticism; Auditor-client relationships; Social presence; Communication medium