How do auditors weight informal contrary advice? The joint influence of advisor social bond and advice justifiability

ABSTRACT:
Auditors frequently seek informal advice from peers to improve judgment quality, but the conditions under which advice improves auditor judgment are poorly understood. We predict and find evidence of a trust heuristic among auditors receiving advice from advisors with whom they share a social bond. This heuristic is evident among non-specialists, who weight advice according to its justifiability when it is received from a weaker social bond advisor, but fail to objectively assess the quality of advice received and weight it heavily when it comes from a stronger social bond advisor, regardless of its justifiability. Specialists, while less prone to the trust heuristic in advice weighting, show inconsistencies in advice weighting and their assessments of advice quality. In particular, specialists discount better justified advice from stronger social bond advisors, despite rating this advice as being of relatively high quality. This defensiveness likely arises from an aversive social comparison process attributable to the high ego-relevance of a task within one's specialization. Future research is warranted to corroborate or refute this possibility.

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How Brokerage Companies Work. The auditor uses these four phases to meet the overall objective of the audit, which is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows in conformity with applicable accounting standards. By accumulating sufficient appropriate evidence for each audit objective throughout the four phases of the audit, the overall objective is met. Four phases of a financial statement audit:

1. Plan and design an audit approach based on risk assessment procedures
2. Perform test of controls and substantive tests
3. At first, the influence of parents is significant because of how parents help their children to develop political and religious beliefs, lifestyle choices, and consumer preferences. Most people are who they are because of their parents. Consumers are constantly seeking out the advice of knowledgeable friends or acquaintances who can provide information, give advice, or actually make the decision. For some product categories, there are professional opinion leaders who are quite easy to identify—for instance, auto mechanics, beauticians, stock brokers, and physicians. A major influence on one’s purchasing habits and consumer behavior is the social class in which one finds him or herself.