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Auditing auditor identities
Auditor attributes, professional and commercial orientations,
and the implications for audit practice
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Abstract
Currently, auditors face changes in the auditing industry, which has increased the focus on marketing activities. Despite professional ideals, an increase in the commercialization of audit firms has been observed, shaping the identity of the auditor. Auditor identity has been found to be a driver for commercialization, but certain studies find commercialization to be negative for audit practice. We argue that individual auditor attributes can explain orientations in the auditor identity, which in turn could have implications for audit practice. The purpose of this study is to describe and analyze how auditor attributes are related to professional and commercial orientations, and how the various orientations are related to audit practice.

The theories used in this study are agency theory, social identity theory, and the theory of professions. We employ a quantitative survey method, with a questionnaire sent out by e-mail including questions about attributes, professional and commercial orientation, and reduced audit quality acts.

Our results indicate that a positive relation to professional orientation exists for attributes adaptability and marketing skills. A positive relation for commercial orientation exists for the attribute marketing skills, while a negative relation exists for communication skills. Our results suggest that commercial orientation has a positive relation to auditors’ propensity to engage in RAQ acts. We find that knowledge has a negative relation to RAQ acts. A weak positive relation exists between adaptability and RAQ acts. The degree to which these results explain professional and commercial orientation and RAQ acts is small, why more research is needed.

Keywords
Auditor identity, attributes, professional orientation, commercial orientation, audit practice, RAQ acts
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Kristianstad, 31st of May 2018

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1. Introduction

In this section, the theoretical and practical reasons for writing this master thesis are presented. At the end of this section, the research question and purpose will be given.

1.1 Background

The last decade has introduced several changes to the auditing profession on both a national and an international level. First, in 2016, the EU implemented rules about mandatory audit firm rotation which will force so-called public-interest entities (PIEs) such as listed companies, credit institutions and insurance companies to change their statutory auditor or audit firm every ten years (European Commission, 2016). Since PIEs are likely to be larger clients, it is in the interest of the audit firm to attain and retain such clients for financial purposes. Secondly, in the Swedish context, the mandatory audit was removed for smaller companies in 2010, with the consequence that a majority of newly registered limited companies opt out from having an auditor (Hadjipetri Glantz, 2017). Thus, audit firms are no longer guaranteed these clients, why financial and competitive consequences for audit firms are to be expected.

Audit firms are becoming increasingly commercialized with an increased awareness of competition in the market. The auditing industry has been described in more recent research with terminology that highlights lenience towards marketing activities (Broberg, Umans, Skog, & Theodorsson, 2018). Furthermore, audit firms in Sweden have been found to emphasize the so-called “value creating audit” (Collin, Edlund, & Jönsson, 2017), further indicating commercialization within the auditing industry. These changes combined have affected how audit firms view the marketing of their own services. A profession built on independence and objectivity (Broberg et al., 2018) is now faced with having to market the value of its work in order to be able to attain and retain clients. A balance act emerges, with the independence of the auditing profession on one hand, and the audit firm dependency of audit fees on the other hand (Tagesson & Öhman, 2015). The individual auditor is charged with both serving the profession and serving the client in order to maximize profit while fulfilling regulations and ideals related to the profession.
As illustrated above, the marketing intensity has increased for audit firms in all market segments, with audit firms becoming more competitive (Broberg, Umans & Gerlofstig, 2013). As a consequence of this, auditors concern themselves with value-creating audit and the provision of non-audit services (NAS). Although it has not been established that the provision of NAS on their own affect the independence of the auditor (Ashbaugh, 2004; Willoughby, Carmona & Momparler, 2012), there is empirical evidence that auditors identifying themselves with clients to a too great extent may affect audit practice negatively (Svanberg & Öhman, 2015). However, it has been suggested that the professional identity and the integrity of the same might act as a barrier for such a closeness to develop, since embracing the professional identity of an auditor entails being independent in relation to the client (Bamber & Iyer, 2007). Thus, who the auditor is may have an influence on whether the audit practice is threatened or not by the commercial elements emerging within the auditing industry.

Auditor identity, both professional and organizational, has been shown to be a driver for commercialization of audit firms (Broberg et al., 2018). However, this does not stand unchallenged since previous studies have shown that auditors’ organizational identities instead act as an inhibitor (Gendron & Spira, 2010; Sori, Karbhari & Mohamad, 2010; Sweeney & McGarry, 2011). It has also been indicated that the relation to the auditor and audit assistants has certain effects on the satisfaction of the audit client’s perception of usefulness and quality of the audit (Öhman, Häckner & Sörbom, 2012). Since the relation of the client to the auditor is influenced by individual characteristics of the auditor, there is reason to believe that auditor identity and attributes may influence the perceptions of audit practice.

The sum of the factors presented above indicate that there is an on-going conflict of interest in the auditing field. Recent years’ changes in legislation have rendered the auditing profession weaker in client retention, pushing the focus of audit firms towards a commercialized view. Thus, drivers for commercialization are present while the members of the auditing profession traditionally have been seen as highly independent, even being described in literature as “public watchdogs” (e.g. McEnroe & Martens, 2001; Svanberg & Öhman, 2015). This conflict of interest culminates in the individual auditor’s conduct and balancing of ideals, heightening the pressure on the auditor’s independence. The auditor becomes a determining factor in this conflict, which endangers the auditor’s integrity. Therefore,
auditor integrity is indicated to be integral to auditor independence and professional conduct, why individual auditor attributes might play a part in this conflict.

1.2 Problem

Broberg et al. (2018) have found certain indications that the commercialization of the auditing industry is being driven partly by the individual auditor and their professional and organizational identities. There is however a conflict of interest between the commercial interests of the audit firm and the interests of the auditing profession as a whole.

It must be emphasized that the auditing profession holds a certain set of ideals in high regard (Öhman & Wallerstedt, 2012). According to Brante (1988) professions are institutions where the members share certain skillsets and education, a feeling of identity, and share common values and ideals. Thus, one important characteristic of a profession is how it is closed to outsiders and that one must qualify and gain access in a way that is approved by the profession. Furthermore, members of a profession are to act independently and for the greater good. However, the modern-day audit firm hires not only auditors but also e.g. consultants and jurists who have little or no competence in accounting or auditing (Suddaby, Gendron & Lam., 2009) and are unschooled in the professional ideals. According to Suddaby et al. (2009) this might either lead to “proletarianization” or “adaption”. “Proletarianization” refers to a phenomenon where a professional, such as an auditor, is placed within a bureaucratic setting, which might lead to the erosion of the professional ideals. “Adaption” on the other hand implies that when professionals are placed within such a setting, they will create an organization within the organization where their professional ideals may remain untouched. These different views illustrate the conflict between the professional ideal and the bureaucratically contingent commercialistic ideal, which arguably need to be held apart to avoid erosion of ideals.

According to social identity theory, ideals held within a particular group such as auditors may culminate in the creation of a social identity (Lembke & Wilson, 1998). As such, social identity theory provides the insight that the social environment an individual exists in, shapes their patterns of thought and actions and what ideals they internalize. Consequentially, our environment and the social influences the auditors face, shape their identities (Tajfel & Turner, 1986; Ashforth & Mael, 1989). Identities can furthermore be argued to hold several different sets of values simultaneously (Ashforth & Mael, 1989). We argue,
that these values can be claimed to be partially moral, why the concurrently existing sets of values can be argued to be “orientations” similarly to the terminology used by Gilligan (1982, in Jaffee & Hyde, 2000). Therefore, we argue that the ideals held within auditors as a consequence of their social environments can be condensed into at least two different orientations that compose the auditor identity: professional orientation and commercial orientation.

Several studies have focused on the attributes that are deemed to be of importance for auditors to have from both a client perspective and an auditor perspective. Abdolmohammadi and Shanteau (1992) studied the auditor perspective of what characteristics are important for an audit expert to have. Among other attributes, knowledge, making exceptions, adaptability and communication skills were rated among the top ten attributes. Abdolmohammadi, Searfoss and Shanteau (2004) furthered this study twelve years later, using only partners of audit firms as their sample. Here, a new attribute was found to be important, namely marketing skills. Baldachino, Caruana, Grima and Bezzina (2017), in line with Abdolmohammadi & Shanteau (1992) and Abdolmohammadi et al. (2004), found competence, communication and adaptability to be important from both a client perspective and an auditor perspective. Another attribute that has been found to be perceived as moderately important by auditors is the ability to make exceptions (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004). Furthermore, it is implicit from the results by Broberg et al. (2018) that auditors’ propensity to concern themselves with marketing indicates that auditors view marketing skills as important, in line with results by Abdolmohammadi et al. (2004). Thus, there is a perception of what attributes an auditor should possess in both the eyes of the profession and the eyes of the client. This set of attributes has also been shown to change over time (Abdolmohammadi et al., 2004) in a similar way to how that the auditing profession has changed. As the perception of what an audit should be in terms of professionalism and commercialism changes, these external forces might also have an impact on what attributes are appreciated in auditors.

The European context is of particular interest due to the allowance in legislation for provision of NAS, which is prohibited for example in the US where the Sarbanes-Oxley act regulates the provision of these services (Broberg et al., 2018). The allowance of NAS may also put more emphasis on commercialization and thus auditor attributes and the attractiveness of certain attributes. As previously mentioned, the EU recently introduced the
mandatory audit firm rotation (European Commission, 2016). This change in legislation serves as a means for reducing auditor-client closeness, which is an expression of an opinion in legislators that they think these kinds of relations are becoming a problem (European Commission, 2016). Sweden makes an interesting case due to the newly introduced change in rules surrounding mandatory audit for smaller limited companies (Öhman et al., 2012). Therefore, the empirics of this master thesis will focus on the Swedish audit context and the auditors active in it. However, literature from other countries and the international context will be used due to our pre-understanding that certain audit issues are international and not isolated to Sweden.

As stated in the background, the commercialization of the auditing profession has led to an increase in the provision of NAS, which in turn has driven auditors to have a closer relationship to their clients. This is made evident through the discussion on provision of NAS and its influence on auditor independence. One branch of the research claims that auditor independence remains untouched despite high client commitment in auditors (Ashbaugh, 2004; Suddaby et al., 2009; Willoughby et al., 2012), while another branch of the research claims that auditor-client closeness has negative implications for auditor independence (Carrington, Johansson, Johed & Öhman, 2013; Svanberg & Öhman, 2015).

Despite the opposing views represented in current research, it should be taken into consideration that research conducted in different countries cannot be treated equally. For example, Sweden displays a general aversion towards hierarchical organizational structures (Bengtsson & Ljungström, 1998), why it should be noted that the results by Carrington et al. (2013) and Svanberg & Öhman (2015) were found in the Swedish context. Although audit firms are known for having strict formal hierarchies (Jeppesen, 2007), we reason that the attitudes towards such hierarchies and how they function on a social level may differ between countries. On another note, these mixed results regarding NAS and auditor-client closeness could potentially find their explanation in the professional integrity of individual auditor identity, as reasoned by Svanberg and Öhman (2015). This argument gains believability taking the results by Broberg et al. (2018) into consideration, since there are indications that individual auditor attributes affect the extent to which they partake in commercializing behavior. Taking the opposing views on auditor-client closeness as well as the indications of auditor attributes into consideration, there are certain indications that
individual auditor attributes may play a part in the balance act of professional and commercial behavior.

The collected picture that emerges from the information presented above leads us to the following. There are indications of a conflict existing between the professional ideals of the auditing profession and the commercial interests of the audit firm as a bureaucratic organization. This is partially caused by inherent ideals of independence in the auditing profession (Brante, 1988) and a need of auditors to market themselves for the survival of the audit firm. There are indications that auditors are unsuccessful in balancing the two ideals, leading to a too great closeness between auditor and client, which might impair independence (Carrington et al., 2013; Svanberg & Öhman, 2015). Furthermore, there are certain indications that the individual auditor’s attributes may play a role in balancing these two factors against each other (Svanberg & Öhman, 2015; Broberg et al., 2018). Therefore, there is reason to believe that auditor attributes affect professional and commercial forces at work and that modern-day auditors have internalized them in a manner, which shapes their attributes. This is illustrated in Figure 1.1. This thesis aims to fill the research gap that exists between the research on auditor identity, and the research on auditor attributes. Further, we attempt to make the connection between auditor identity and the implications for audit practice.

![Figure 1.1 – Problem illustration](image)

### 1.3 Research question

Based on the problem discussion presented above, the following research question is outlined:

- How are auditor attributes related to professional and commercial orientations, and how are professional and commercial orientations related to audit practice?
1.4 Purpose

The purpose of this study is to describe and analyze how auditor attributes are related to professional and commercial orientations, and how the various orientations are related to audit practice.
2. Theoretical framework

In this section, the theoretical underpinnings and assumptions of the research are presented. The three theories that we draw upon in our theoretical framework are agency theory, social identity theory and the theory of professions. Further, we discuss the three concepts professionalism, commercialism and audit practice respectively by using the theory of professions.

2.1 Agency theory and social identity theory

The rationale behind the choice of using agency theory and social identity theory are as follows. Agency theory has been chosen due to its suitability for explaining relationships that form within a specific context, in this case the auditing field. We reason that certain drivers for behavior in auditors and the people who regulate them can be explained by agency relationships, which in turn can explain the orientation of auditors. We draw upon Batillana’s (2006) reasoning that individuals’ actions stem partially from their social position in particular contexts, such as the auditing profession. As such, we may explain through agency theory that auditors are affected not only by their own individual interests and roles, but also how they relate to the auditing profession and the actors therein. Social identity theory on the other hand has been chosen since it explains how auditors may possess different identities simultaneously (Ashforth & Mael, 1989). We argue that this may manifest in the form of professional and commercial orientations. Social identity theory contributes to explaining which orientation prevails and the reasoning behind why this is the case.

2.1.1 Agency theory

Agency theory is used to describe the relationship between the “principal” and the “agent” (Jensen & Meckling, 1976; Eisenhardt, 1989). In this theory, the principal delegates some kind of task to the agent, which the agent is to perform in the interest of the principal (Jensen & Meckling, 1976; Eisenhardt, 1989). However, two main problems may arise from this relationship. The first, the agency problem, implies that there might be a conflict of interests where the principal and the agent do not have the same goals or desires or that it is difficult for the principal to know what the agent actually performs (Eisenhardt, 1989). Individuals are also constrained by the environment in which they operate, why interest alone might not be a sufficient explanation to why an agent acts in a certain manner (Batillana, 2006).
The second problem, *risk sharing*, highlights that there might be differences in risk attitudes between the principal and agent and that they might prefer different actions due to this (Eisenhardt, 1989). One solution to resolve these problems is for the principal and agent to agree upon a contract and that such a contract entails a way to measure whether the agent’s behavior is beneficial for the principal or not (Watts & Zimmerman, 1983). This is referred to as agency costs, which according to Jensen & Meckling (1976) include the mentioned cost of forming a contract, costs of monitoring the agent, and the cost for the principal which arises due to the agent choosing suboptimal paths of action. In the agency theory view, organizations consist of a nexus of contracts formed between agents and principals on different levels (Fama, 1980).

The relationship between the government, the audit firm, the auditor, the auditing profession, and the client respectively may be described using agency theory. Since the client employs the auditor, one could say that the client compensates the auditor based on the assumption that the auditor provides a seal of approval or helps the client to identify any flaws or deficiencies present in the client’s accounts. However, some salient characteristics define the auditor-client relationship, why regular solutions to the agency problem cannot, or should not, from a profession view, be used. The auditor should, in line with theory of professions, behave on the behalf of the wider public. One could therefore question whether the compensation provided by the client should be regarded as incentive in the way that Eisenhardt (1989) describes.

Furthermore, the relation between the government, the audit firm, the profession, and the auditor might also be described using agency theory. Since the profession as a whole needs to be able to make sure that its members behave in a beneficial way, they provide licensing or certificates for the auditor under certain conditions. In the Swedish context, every audit firm needs to have an auditor as the CEO, and needs to be owned by people who are part of the profession (the Auditors Act 2001:883). Furthermore, the Swedish government employs the control organ responsible for licensing and overseeing members of the profession, the Swedish Inspectorate of Auditors. Therefore, the audit firm as a whole needs to act on behalf of the government and the Inspectorate in order to retain its status as an audit firm, why a principal-agent relation exists also here, with the licensing constituting the contract.
2.1.2 Social identity theory

Behavioral science literature concerns itself with attempting to explain how individuals shape and are shaped by contextual factors. According to Ashforth and Mael (1989), theories such as social identity theory can also be applied on people within organizations, such as auditors. People create a sense of identity through identification with other people but also with bigger entities, such as organizations, and groups such as professions (Ashforth & Mael, 1989; Brown, 2000). Therefore, it can be claimed that several different actors shape auditors’ identities, such as the audit firm they work for, the people they work with, and the profession they identify with. The question is however, since identities are amalgams of different social identities (Ashforth & Mael, 1989), which identity becomes dominant?

Ashforth and Mael (1989) argue that it is easy to affect the identity of an individual, since it is possible to simply assign an identity to someone. They will as a consequence internalize this identity and start feeling part of the assigned group (Ashforth & Mael, 1989; Lembke & Wilson, 1998). However, people may also experience role conflict, when their identities do not match or otherwise are incompatible. The individual will then choose their most salient or practical identity, depending on the external environment. Interestingly, people in general tend to identify themselves with the group or organization which is most prestigious, or “the winning” group (Tajfel & Turner, 1986; Ashforth & Mael, 1989; Brown, 2000). Another way of coping with role conflict might be to keep the identities separate, as to put on “different hats” (Ashforth & Mael, 1989). For an auditor in the modern context, as argued for in the introduction section, the issue is that there is a certain discrepancy between being an auditor in the professional sense and being an auditor in the commercial sense. However, the environment an auditor has to operate in requires both the professional identity and the commercial identity. Thus, the auditor has to wear two hats at the same time. Brown (2000) also points out that individuals may vary in how much they identify with a social group, dividing them into high identifiers and low identifiers. This highlights that there are variations also within groups in the extent to which they may identify with the group.

Another factor in determining the prevailing identity is the connection to commitment. According to Ashforth and Mael (1989), organizational identity and organizational commitment are often mixed up. However, organizational commitment can be explained as “the
relative strength of an individual’s identification with and involvement in a particular organization” (p.23, Reichers (1985) in Ashforth & Mael, 1989). Building on this, Ashforth and Mael (1989, p.23) add the insight that “commitment is characterized by a person’s belief in and acceptance of the organization’s goals and values, willingness to exert effort on behalf of the organization and desire to maintain membership”. Thus, the strength of commitment to one’s organization may also factor in whether an individual decides to identify with one organization or another one. For auditors, this might manifest in the choice between identifying with the profession, the audit firm and team, or the client firm. Thus, we claim that this choice is in part influenced by the strength of the auditor’s professional identity and their commercial identity.

Since individual’s identities can be claimed to be amalgams of several identities, we argue that these identities shape the attributes of individuals. Thus, attributes may change depending on which identity prevails in the individual. Audit firms have been shown to have substantial influence on their employees through socialization processes (Sellers & Fogarty, 2010). This is in line with claims of Ashforth and Mael (1989) that individuals’ social identities are shaped through organizational socialization. However, Sellers and Fogarty (2010) also demonstrate that socialization processes may have lasting effects, which motivates that audit firms should be careful in recruiting processes, evaluating the compatibility of the individual and the audit firm. Furthermore, in-house training could be beneficial for the audit firm for maintenance of identification with firm interests. Audit firms already apply personality assessment (Deloitte, 2018; EY, 2018; PwC, 2018), which indicates an awareness of suitability and compatibility of candidates, giving this argument practical support.

2.1.3 Combining agency theory and social identity theory

Recent studies focusing on corporate social responsibility have combined agency theory and social identity theory in order to create a broader picture of how mechanisms interact to influence ethical decision-making (Wong & Gao, 2014; Beaudoin, Cianci, Hannah & Tsakumis, 2018). Considering Battilana’s (2006) reasoning about that individuals are intrinsically affected by their social position in how they act from an agency perspective, this overlap in theories has been implicitly illustrated previously. Wong and Gao (2014) argue that since social identity theory claims that identification with a certain group makes them committed to the group (Ashforth & Mael, 1989), they are more likely to act beneficially
for that group. In practice, this implies that individuals tend to act on behalf of institutions that embody the aspects of the individuals’ own identities (Ashforth & Mael, 1989). From an agency theory perspective, this would make the agent more committed to, for example, the principal organization, given that the principal organization is the one that the agent identifies him or herself with (Wong & Gao, 2014). Beaudoin et al. (2018) provides the insight that self-interest might include the interest of the social group that the individual is committed to. Thus, the self-interest of the agent may extend to include the principal’s interests due to social identification. We argue that since ethical decision-making is part of the auditing profession (Kung & Huang, 2013), this argumentation extends beyond the world of corporate social responsibility, to the auditing field.

2.2 Professionalism and commercialism

Professionalism and commercialism constitute two of the central concepts in this thesis. In this subsection we discuss professionalism and commercialism as wider concepts from which we derive the professional and commercial orientations. The definition of professionalism builds on the theory of professions as discussed in previous research (Brante, 1988; Evetts, 2003; Suddaby et al., 2009). In line with Brante (1988) and Evetts (2003), we define a profession as a group that shares occupation and a set of tacit and technical knowledge that sets the group in particular apart from others. Commercialism however does not have a clear definition in the auditing field of study, which will be discussed in subsection 2.2.2. This subsection will be finished with an explanation as for why professionalism and commercialism should not be considered to be phenomena on opposite sides of a spectrum, but rather as co-existent logics.

2.2.1 Professionalism in auditors

Auditors are argued to be members of a profession (Öhman & Wallerstedt, 2012). Building on the description of professions as provided by Brante (1988), professionalism refers to conduct in line with the values and ideals of the profession. According to Suddaby et al. (2009), professionals do not see themselves as tending to the interests of the highest payer, but rather in service of the society. They are independent, autonomous, and possess a certain ethical integrity that bars them from actions that tend only to personal interests (ibid.). Furthermore, as professionals, auditors are expected to adhere to the rules that apply to the
profession as a whole, which includes both laws and other regulations and guidelines. In the Swedish auditing context, auditors are obliged to adhere to the Swedish law as well as the guidelines provided by the Swedish Inspectorate of Auditors (the Auditors Act 2001:883). Thus, there are both legal requirements and professional requirements on a Swedish auditor. As a consequence, the desired professional conduct is regulated in detail autonomously by the auditing institution as a whole. In sum, professionalism can be defined as behaving in line with professional ideals set by expectations of the general society as well as internally set ideals. Professionalism extends beyond the right-and-wrong provided by the law and includes soft values and codes of conduct.

Previous studies have measured professionalism in different ways. Broberg et al. (2018) measured professional identity through identification with the profession as a whole, using social identity theory as a foundation. Other studies focus on auditor independence (Suddaby et al., 2009) as well as both auditor independence and professional commitment (Carrington et al., 2013). According to Warren & Alzola (2009), the auditor is more likely to identify with the client firm if s/he finds more esteem in identifying with the client rather than the profession. Therefore, we argue that identification with the profession provides a solid basis for understanding the auditor lenience towards adhering to professionalism and thus, professional conduct.

2.2.2 Commercialism in auditors

No clear definition exists of what commercialism in auditing refers to. The phenomenon is mentioned frequently in current research (e.g. Broberg et al., 2018; Carrington et al., 2013; Suddaby et al., 2009), but is often split into several individual concepts when researched. For example, Suddaby et al. (2009) use “commercialistic values”, Broberg et al. (2013) treat it through using only “marketing”, Carrington et al. (2013) use “managerial logic” and Broberg et al. (2018) divide it into “customer orientation”, “firm process orientation” and “market orientation”. It is however implicitly understood that commercialism refers to a focus on the provision of services such as NAS, and a focus on the marketing of the audit firm through different means. Although several different separations of the “commercialism” have been made, the effects on independence have been measured through provision of NAS and fees generated from the same, as well as auditor-client closeness. We therefore
argue that the central phenomenon when studying commercialism is the relation between the auditor and client, referred to as “customer orientation” by Broberg et al. (2018).

Broberg et al. (2018) attribute the change in how commercialization in auditing is viewed by the public to the Enron scandal in 2000. The attitudes towards marketing activities in auditing have become increasingly negative. Meanwhile, as illustrated in the introduction, changes in legislation have been introduced which have increased the need for audit firms to be commercialistic and marketing-oriented. Thus, commercial activities have become a double-edged sword in the auditing world, perhaps even a necessary evil for audit firm survival. Worth mentioning is that a study by Abdolmohammadi and Shanteau (1992) identified no emphasis on marketing skills by auditing professionals. Another study, building on the former, conducted in 2004 after the Enron scandal could identify “marketing skills” as the 12th most important attribute in audit experts. In the light of the Enron scandal, such a development can be regarded as counterintuitive. We argue that this might be a consequence of increased awareness about marketing and changes in auditing legislation as mentioned in the introduction section.

2.2.3 The possible identity conflict

Carrington et al. (2013) argue that professional and commercial logics are not extreme opposites, but rather logics that may co-exist. Therefore, we reason that auditors may possess different levels of internalization of these two logics simultaneously. On one hand, only embracing the professional ideals without acknowledging the commercial aspects might put the auditor in a place where financial interests are neglected, leading to loss of client base. On the other hand, as stated in the introduction, embracing only the commercial perspective might be damaging to audit professionalism and independence. Thus, we argue that auditors’ professional and commercial orientations shape their auditing practice. We reason that the two orientations need to be in balance for the auditor to produce audits of high quality while maintaining desired financial benefits for the audit firm.

2.3 Audit practice

As previously stated, the theory of professions argues that professions are based on a shared set of values and a knowledge base (Brante 1988; Evetts, 2003), which in turn regulates how the members act in their occupation. Therefore, audit practice is influenced by the
knowledge and values that the group as a whole possesses. Furthermore, auditing is regulated in order to produce audits that meet a certain standard set by the profession (Öhman & Wallerstedt, 2012). As such, rule-setters concern themselves to a large extent with audit quality and what guidelines might improve it (FAR, 2018). Therefore, it can be claimed that audit quality is the most central concept when it comes to audit practice.

The question that remains is what audit quality actually is and how it is affected by audit practice. Knechel (2016) argues that audit quality can be broken down into the two components of expertise and independence. According to Bamber and Iyer (2007), one thing that impairs objectivity is auditor-client closeness, why auditor-client closeness can be seen as impairing for audit quality. While Bamber and Iyer (2007) found that this occurrence is present in Big 4 auditors, Svanberg and Öhman (2015) furthered this research to include non-Big 4 auditors. They came to a similar conclusion and that auditor-client closeness increases the probability that the auditor will engage in unethical acts referred to as reduced audit quality acts (RAQ acts).

RAQ acts are defined as actions taken by the auditor that reduce evidence gathering inappropriately (Herrbach, 2001; Coram, Glavovic, Ng & Woodliff, 2008). In practice, this compromises the quality of the audit and increases the likelihood of audit failure (Coram et al., 2008) as well as damages the reputation of the profession (Herrbach, 2001). Pierce and Sweeney (2006) provide the insight that engaging in such acts can be motivated by an interest in reducing time spent on an engagement in order to reduce the costs of the audit or to attain a better performance evaluation. However, Herrbach (2001) highlights that engaging in such behavior could also be impairing for the profession, due to the fact that a certain measure of competitive advantage exists which stems from audit quality. Thus, engaging in RAQ acts can potentially reduce costs for the audit firm but may also impair the reputation and cause damage to the audit firm itself.

Taking the above-mentioned circumstances into consideration, we argue that the discussion on audit practice should center on audit quality. Therefore, in this study, we investigate the implications for audit practice through the lack of audit quality and actions by auditors relating to this (see further in section 4).
3. Hypotheses formulation

In this section, different attributes that may act as predictors for professional and commercial orientation are presented. Furthermore, their hypothesized relations to the professional and commercial orientations are given.

3.1 Underlying assumptions

External professional and commercial expectations shape the auditor identity through socialization (Ashforth & Mael, 1989). Therefore, looking to the perceived importance of attributes may facilitate the process of identifying the salient attributes in auditor identity, which are derived from the social environment that the auditor faces. Therefore, our choice of attributes is mainly derived from studies where clients and current (or prospective) auditors disclose what attributes they perceive as important in auditors. However, in order to understand the attributes through the lens of social identity theory, it is more suitable to analyze how the auditor is expected to behave by the group rather than to analyze the outcome of expectations. This is the case due to the fact that auditors are shaped by the perceptions and ideals of the group, rather than independently constructing norms of what attributes to emphasize (Tajfel & Turner, 1986; Ashforth & Mael, 1989; Lembke & Wilson, 1998). Therefore, our hypotheses build from the perceived importance of auditor attributes rather than the presence of said attributes in the auditor. This is also due to the fact that social identity theory illustrates how identities are a work-in-progress under the influence of the social groups that the auditor is part of, why they may not yet possess attributes desired by the group.

3.2 Hypotheses

In this subsection, the central concepts in this study will be explored and hypotheses will be formulated about their relation to professional and commercial orientations. Furthermore, the relation between professional and commercial orientation, respectively, and audit practice will be explored. The full model of hypothesized relations can be found in Figure 3.1, while the different relations shown in the model are treated under their respective subsection.
In a study by Abdolmohammadi et al. (2004), the attribute rated to be most important to auditors is knowledge. These results are in line with a previous study by Abdolmohammadi and Shanteau (1992) where auditors also rated knowledge the most important attribute. Baldacchino et al. (2017) found that competence is the most important attribute of auditors, both from a client perspective and an auditor perspective. Moreover, Öhman et al. (2012) found that auditor’s competence is positively related to both client satisfaction regarding the audit and client perceptions of the usefulness of the audit in the eyes of the stakeholders. This indicates that both people within and outside the auditing profession tend to value aspects related to knowledge highly. In their definition, Abdolmohammadi et al. (2004) include aspects such as experience and keeping up with recent developments. Baldacchino et al. (2017) provides a similar definition for competence, why we argue that competence and knowledge can be treated synonymously for the mentioned studies.

In the initial phases of an auditing career, the keep-up and knowledge is likely to be based on what has been learned through formal education. Brante (1988) and Öhman and Wallerstedt (2012) also mention that educational requirements characterize a profession, why a general positive attitude towards knowledge is expected to be found in insiders of the profession. Furthermore, another study suggests that higher education levels in auditors

Figure 3.1 – Hypotheses illustration

3.2.1 Knowledge and professional and commercial orientations
decreases the risk of audit failure (Ye, Cheng, & Gao, 2014). Thus, formal knowledge is one of the cornerstones in the auditing profession, why knowledge should be beneficial for professionalism in auditors. Since auditors are paid to provide a correct opinion and make sure that the client fulfills their legal requirements (Baldacchino et al., 2017), it is also in the interest of the client that statements are correct and that audit failure does not occur. There is also a probability that NAS required by the client demands that the auditor has a wide range of knowledge, why the client could be expected to want a knowledgeable auditor. Therefore, taking the above arguments into consideration, we suggest the following hypotheses:

*H1a*: Auditors’ perceived importance of knowledge has a positive relation to professional orientation.

*H1b*: Auditors’ perceived importance of knowledge has a positive relation to commercial orientation.

### 3.2.2 Adaptability and professional and commercial orientations

From both a client perspective and an auditor perspective, adaptability is an important characteristic for an auditor to have. Abdolmohammadi *et al.* (2004), Abdolmohammadi and Shanteau (1992) and Baldacchino *et al.* (2017) all found adaptability to be one of the attributes wanted in auditors. While the two former studies found adaptability among the top attributes, Baldacchino *et al.* (2017) instead found that adaptability is not regarded as very important by either auditors or clients. However, clients consider this attribute more important than their auditor counterparts.

The differences found between these studies may be attributed to international differences, but taken together still suggests that adaptability might be an important attribute to research. Resistance to change is also deemed a communication barrier by Baldacchino *et al.* (2017). This is regarded as the fifth biggest communication barrier, why adaptability potentially infuses other behavioral factors in auditors. Baldacchino *et al.* (2017) conclude that behavioral factors are important for auditors to acknowledge and work on in order to secure reappointment with the client, why being adaptable as an auditor might promote commercialistic interests such as attaining and retaining clients.
It is also claimed that auditors are subject to their ever-changing professional environment, and therefore have to be adaptable in order to keep up (Baldacchino et al., 2017). This could be reason to suspect that being adaptable in exercising their profession is of importance also to changing demands from the profession. Contrary to popular belief, the auditing profession is not resistant to change due to central principles or entry requirement but is affected by changes in the environment (Broberg et al., 2013). The introduction of the mandatory audit firm rotation (European Commission, 2016) can be viewed as a demand contingent on the changing audit profession. This could potentially put the auditor in a position where they are forced to more frequently solve new problems in new firms and environments. Thus, we propose the following hypotheses:

H2a: Auditors’ perceived importance of adaptability has a positive relation to professional orientation.

H2b: Auditors’ perceived importance of adaptability has a positive relation to commercial orientation.

3.2.3 Marketing skills and professional and commercial orientations

As discussed in the introduction section of this thesis, there has been a shift in focus within the auditing industry towards increasing marketing activities. As previously stated, Abdolmohammadi et al. (2004) found an addition of marketing skills to the set of attributes valued by auditors compared to the study conducted in 1992 by Abdolmohammadi and Shaneau which employed a similar method. Broberg et al. (2013) also found that auditors’ attitudes are increasingly positive towards marketing activities and that they also spend more time conducting marketing activities due to this. In line with these results, Broberg et al. (2018) found that auditors themselves act as drivers for the increased commercialization within the auditing business.

Younger auditors have a generally positive attitude towards marketing and believe that marketing activities can go hand-in-hand with being an auditor and maintaining professionalism (Broberg et al., 2013). However, they also stress the importance of striking a balance between marketing and professionalism and the tasks inherent for the auditing profession. The Swedish law also contains restrictions on how much an auditor is allowed to market and in what way they may do so (ibid.). Thus, there seems to be a consensus both within
and outside the auditing field that too much marketing might override professional interests. Thus, too much marketing might be negative for professional approach, why we suggest the following hypothesis:

**H3a: Auditors’ perceived importance of marketing skills has a negative relation to professional orientation.**

Audit firms are however putting more emphasis on the need for auditors to market themselves and to prove the worth of their services to existing and new clients (Collin et al., 2017). As a consequence of this, auditors need to possess certain marketing skills in order to successfully market their services and create a competitive advantage. As previously mentioned, auditors themselves act as drivers for commercialization as a consequence of their focus on marketing activities (Broberg et al., 2018). We therefore suggest the following hypothesis:

**H3b: Auditors’ perceived importance of marketing skills has a positive relation to commercial orientation.**

### 3.2.4 Communication skills and professional and commercial orientations

According to Baldacchino et al. (2017), communication constitutes one of the cornerstones for a successful auditor-client relationship. This element is also identified by Abdolmohammadi and Shanteau (1992) as well as by Abdolmohammadi et al. (2004). Almer and Brody (2002) provide the additional insight that ambiguity in communication or insufficiencies in communication might lead to misunderstandings. Since commercialistic activities are concerned with demonstrating the benefit from auditing services (Broberg et al., 2018), miscommunication could also be seen as negative for commercialism. As previously mentioned, Baldacchino et al. (2017) also stress that behavioral aspects such as communication skills are important for auditors to be able to create and keep their client base, why commercial interests may benefit from this.

Communicational aspects of the auditor are also stressed by the ISA 260 (Colbert, 2002). Therefore, there are also elements of professionalism present in the communication between auditors and clients. Furthermore, since auditors are part of a profession and are keepers of the information within the profession, emphasis on collegial communication could also be of importance to assure the survival of the profession. In the Swedish context,
a prospect auditor has to work under the supervision of certified auditors in order to be allowed entry into the profession (Collin, Jonnergård, Qvick, Silfverberg, & Zabit, 2007). Therefore, the ability to communicate with both more junior and more senior colleagues can be claimed to be of importance in order to attain and teach certain professional skills. The hypotheses are as follows:

**H4a:** Auditors’ perceived importance of communication skills has a positive relation to professional orientation.

**H4b:** Auditors’ perceived importance of communication skills has a positive relation to commercial orientation.

### 3.2.5 Making exceptions and professional and commercial orientations

As previously mentioned, auditors in Sweden are subject to a number of principles imposed by authorities such as the Swedish Inspectorate of Auditors (2018a). As a consequence, they also face a code of ethics related to their professional practice, which is central to maintaining independence and protecting society’s interests. Indications exist that auditors and future auditors perceive it to be of importance that an auditor is able to make exceptions from rules and adapt to the situation (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004). However in moral research, the propensity to make exceptions and act based on the situation has been referred to as relativism (Forsyth, 1980; Kung & Huang, 2013). Individuals who are likely to make exceptions and step away from given principles are high in relativism (Forsyth, 1980). Relativistic individuals are thus seen as having a lower sense of morality (Kung & Huang, 2013). Furthermore, certain indications exist that auditors who are highly relativist are less likely to identify ethical problems and unethical behavior in clients (Shaub, Finn & Munter, 1993; Kung & Huang, 2013). Thus, auditors who make exceptions may fail to fulfill their ethical liabilities imposed on them by the profession. Therefore, we propose the following hypothesis:

**H5a:** Auditors’ perceived importance of making exceptions has a negative relation to professional orientation.

Since auditors themselves find the ability to make exceptions to be one of moderate importance, this indicates that this attribute is desirable by some force in the auditing field. However, to our knowledge, no study exists which highlights that clients are the driving
force behind the desirability of this attribute. Nevertheless, taking the above claims of Kung & Huang (2013) into consideration, it could be argued that audit clients who engage in dubious behavior would want an auditor that makes exceptions for them. Therefore, from a commercialistic point of view, it could be beneficial for client retention if the auditor is willing to make exceptions. We propose the following hypothesis:

\[ H5b: \text{Auditors’ perceived importance of making exceptions has a positive relation to commercial orientation.} \]

3.2.6 Professional and commercial orientations and audit practice

As previously mentioned, Svanberg and Öhman (2015) found that auditors in smaller, non Big 4 firms are more likely to engage in RAQ acts if they are closer to the client. Bamber and Iyer (2007) have previously found that the same holds true for Big 4 auditors, why it seems plausible that this is true across the auditing field. Since audit quality is central to audit practice and to the profession as a whole (see subsection 2.5), auditors who have a high professional orientation should be less prone to engaging in activities that endanger the professional interest and independence. Therefore, we suggest the following hypothesis:

\[ H6a: \text{Auditors with a high professional orientation are less likely to engage in reduced audit quality acts.} \]

At the same time, several studies have highlighted that it is perceived as important from both a client perspective and an auditor perspective to have a friendly relationship between auditor and client (Abdolmohammadi & Shanteau, 1992; Öhman et al., 2012; Baldacchino et al., 2017). Therefore, it can be argued that it is beneficial for attaining and retaining clients if the auditor develops a warm and friendly relationship to the client to a certain extent. This could cause an auditor-client closeness to develop, which might increase the likeliness that the auditor engages in RAQ acts, which is negative for audit quality. Therefore, we suggest the following hypothesis:

\[ H6b: \text{Auditors with a high commercial orientation are more likely to engage in reduced audit quality acts.} \]
4. Method

In this section, the method underlying the research conducted in this thesis is presented in various subsections. The section begins with explaining the approach and theoretical method, continues with a description of how the study is operationalized and carried out, and ends with a discussion on ethical considerations, validity and reliability.

4.1 Research approach

Based on the purpose of this study, usage of current literature in accounting and auditing, management, and organizational behavior is motivated. A theoretical frame of reference as the one found in this study is necessary for exploring established connections in research, as well as to find where links may be missing (Bryman & Bell, 2011). This frame of reference is developed through deductive reasoning, which enables the creation of an understanding of the research subject based solely on earlier research. The deductive approach further reduces the risk of misinterpreting or over-interpreting results found through this study, making sure that there is a solid theoretical lens through which results are interpreted.

Alternative approaches include inductive and abductive reasoning. We argue that induction would have been better if there were few studies conducted within the field that we are researching. Since the field of study contains a plethora of well-established concepts and occurrences, we argue that building from previous research through deduction provides a necessary theoretical backbone for this study, further enabling elaboration in the field. Abductive reasoning would have been purposeful for a case where we could not directly relate existing theory to the incidences observable in the field. Since studies exist on auditor attributes, auditor identity and audit practice, we argue that there is an awareness of what is happening in the field, why it is possible to observe the events leading up to the consequences we are studying. Therefore, we argue that deduction provides the best fit in regards to research approach for this particular study.

Drawbacks of the deductive approach include a risk that the researcher doing the deduction pervades the interpretation of literature as well as empirical results. Furthermore, the deductive stance may bias researchers through creating expectations of what is going to be found (Bryman & Bell, 2011). However, since the risk of misinterpretation can also be
argued to decrease through using established research as a filter, we argue that this objection is of little importance.

4.2 Theory choice

Three main theories have been chosen for this study: agency theory, social identity theory and the theory of professions. The two former theories have been used due to their suitability to explain how auditor attributes are formed and how different relations in the nexus consisting of relations between the auditing profession, the audit firm, the auditor and the client can be explained. The theory of professions has been used for creating a backdrop for understanding the profession that the auditor operates in. It is however also a theory that focuses on overarching institutions but not on the individual. Therefore, it has been considered to be a supporting theory for explaining professionalism, commercialism and audit practice, but has not been presented in a separate subsection. Furthermore, these theories have been used as theoretical assumptions for the analysis of empirically collected data. The rationale for using these theories is discussed in detail in section 2. “Theoretical framework”. It is however noteworthy that the articles chosen for agency theory are not recently written, due to that, to our knowledge, very little has been written to develop agency theory in later years. The theory is generally considered to be well-established, why we argue that the use of older sources is motivated.

Alternative theories that have been discussed in the initial stages of choosing the main theories were the behavioral theory of the firm (Cyert & March, 1963) and upper echelons theory (Hambrick & Mason, 1984). The behavioral theory of the firm and upper echelons theory have been deselected due to the organization-level reasoning which underpins these theories. Although they discuss individual relations in part, the conclusions drawn from these theories are focused on firm-level behavior. Since this thesis is more concerned with analyzing auditors on a personal level, we reason that using such theories may only explain the environment that auditors work in. Thus, they have been considered to be inferior to agency theory and social identity theory, which are applicable to a greater extent in analyzing interpersonal relations as well as organization-individual relations.


4.3 Critique of sources

The two main sources have been used for searching for research articles in this study are the search engines Summon@HKR provided by Kristianstad University, and Google Scholar. All of the scientific articles used have been retrieved from peer-reviewed journals and have been looked up in the Association of Business Schools (ABS) academic journal ranking to see if the publishing journal is considered to be of high quality. A great majority of the articles that have been used hold an ABS ranking of 2 or above, which indicates that they are of an acceptable standard (ABS, 2015). The ABS evaluation that has been used for this study was produced in 2015.

In Table 4.1, an overview of the articles used in this study can be found and how the ABS has rated the journals in which they are published. In total, 56 articles have been used out of which 49 are rated 2 or higher. Although all articles have been retrieved from peer-reviewed journals, four peer-reviewed journal lacks an evaluation in the ABS ranking. This constitutes a risk for the theoretical framework of this thesis. However, the journals are still peer-reviewed and there may be several reasons that the ABS does not yet rank the journals. Due to its frequent referencing in this thesis, the article that provides the greatest risk is the one by Brante (1988). However, this article has been referenced in another article covered by the ABS journal ranking (Broberg et al., 2018).

<table>
<thead>
<tr>
<th>ABS ranking</th>
<th>No. Of articles</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>4 – Top journal</td>
<td>12</td>
<td>21%</td>
</tr>
<tr>
<td>3 – Highly regarded journal</td>
<td>16</td>
<td>29%</td>
</tr>
<tr>
<td>2 – Well-regarded journal</td>
<td>21</td>
<td>38%</td>
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<tr>
<td>1 – Recognized journal</td>
<td>3</td>
<td>5%</td>
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<tr>
<td>0 - Unranked</td>
<td>4</td>
<td>7%</td>
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<tr>
<td><strong>Total:</strong></td>
<td><strong>56</strong></td>
<td><strong>100%</strong></td>
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Industry magazines have also been used to demonstrate the practical problem leading up to this study. Other sources that have been used include webpages of Big 4 audit firms, the webpage of the European Commission, the Swedish auditor association FAR, and the Swedish Inspectorate of Auditors. All of these webpages can be claimed to be of interest to external parties who wish to mislead people seeking information from such websites. Due
to this they have been checked on several instances throughout the writing process to assure that no changes have been made which could indicate an external party controlling them.

For information related to method and statistics, the main sources that have been used are textbooks recommended to us by members of the faculty at Kristianstad University. Due to their extensive coverage of the field, our understanding is that these textbooks are trustworthy. We, the authors of this thesis, have also applied a degree of skepticism and have taken a critical approach when evaluating the information found throughout the research process. This has been done for example through attempting to find several references to support statements made in the text.

### 4.4 Choice of methodology

The choice of a quantitative research method has been made due to the nature of the research purpose. Therefore, our intention is to analyze the relations between three existing issues, without any emphasis being put on the nature of these three concepts. Qualitative method would have provided a better fit if the purpose was to analyze how attributes, orientations or audit practice are constituted or how they are perceived by the study subjects (Bryman & Bell, 2012). The scope of this study is however to establish the relation between concepts, why a quantitative method is the most suitable (Bryman & Bell, 2012).

Since this study concerns itself with analyzing the direct relations between these issues, we argue that the quantitative method provides a better fit than qualitative method for the purpose of this study. A benefit that emerges from the use of quantitative method is that the connections between different phenomena can be made based on the data collected, rather than the perceptions of the researcher of said phenomena (Denscombe, 2016). It is also beneficial due to that the same analysis can be made by another researcher later although they have not been directly involved in the data collection (ibid.).

### 4.5 Data collection and time horizon

This research project was conducted between April and June in 2018. The study used a survey method with a questionnaire for data collection. The survey method culminating in a questionnaire sent out by e-mail was chosen since it enables extensive data collection across geographic locations and in a short time period (Bryman & Bell, 2011). The questionnaire was sent out to the respondents on the 2nd of May with two separate reminders
sent out after five and twelve days, respectively, after the initial contact attempt. The survey was closed on the 16\textsuperscript{th} of May, why no replies have been accepted after this date. As a consequence, this study takes on a cross-sectional design due to that the data has been collected at one specific point in time and analyzed at a separate time (Bryman & Bell, 2011). A longitudinal design would have been more suitable for identifying changes in attributes, orientations, or audit practice. Due to practical limitations however, this was not possible although it would have been interesting to see whether the identified changes in these issues continue over time due to changes in the environment. We do however argue that the contribution from this study may provide empirical evidence for whether such a study could be of interest at all.

The questionnaire was arranged into an interactive questionnaire by using the website webbenkater.com. The web-based questionnaire contained information about how long the questionnaire was in terms of time and the number of questions, which provided the respondents with a way of measuring how far into the questionnaire they were. The questionnaire in total consists of 24 questions spread on three pages and was approximated to take 5-10 minutes for respondents to respond to. All the questions were marked as mandatory to make it visible for respondents if they had not responded to a question. The respondents could exit the questionnaire any time at will. The data collected through this method consists of primary data, since it constitutes a new dataset that has not been collected and analyzed prior to this study. No data exists of the desired nature that has been used in other research, why secondary data is not used (Bryman & Bell, 2011).

Although the survey was sent out exclusively to Swedish auditors, the questionnaire itself was written in English. The reasoning behind this is firstly due to that only one of the two authors of this thesis is Swedish, which made it impossible for that author to evaluate translations. Secondly, the questions used were originally composed in English, why any translation attempt may impair nuances in language, potentially reducing the reliability and validity of the instrument. Finally, we argue that auditors’ education level and their liability to follow international guidelines vouch for that the group as a whole has sufficient understanding of the English language.

The e-mails were sent out alongside a pre-composed letter that explained the purpose of the study and how the information provided by the respondents was treated. This e-mail
can be found in Appendix 2. After five days, a reminder was sent out to all respondents that encouraged them to respond to the survey, had they not already done so. This letter contained the same information as the first with the added reminder and can be found in Appendix 3. After another seven days, a second reminder was sent out which also contained the same information as the two previous letters, with the addition of a motivating sentence about needing more replies to finish the thesis. This letter can be found in Appendix 4. After the initial letter, 103 answers were collected out of which 85 were complete. The first reminder generated another 38 answers (30 were complete). The second reminder added another 23 answers to the survey (13 were complete).

4.6 Operationalization

To investigate the research question, a model has been put together (Figure 3.1) which can be found in subsection 3.2. The questionnaire constructed with the use of this model and the underlying hypotheses can be found in Appendix 1. This questionnaire includes the control variables age, gender, experience and audit firm. The argument for the inclusion of each of these can be found by their respective operationalizations. Furthermore, the questionnaire includes questions about the auditor attributes introduced in the hypotheses building. As presented, the chosen attributes are knowledge, adaptability, marketing skills, communication skills, and making exceptions. Finally, three dependent variables are operationalized. These are professional orientation, commercial orientation, and audit practice. It is important to note that the two orientation variables are hypothesized to be able to predict the third, audit practice.

For both the attributes and the three dependent variables, seven-item Likert scales are used. These are provided with suitable descriptions for the format of the scales used, which can be found in Appendix 1.

4.6.1 Independent variables

Attributes

For all attributes the respondents were provided with the question “In order to be regarded in a positive manner by colleagues as an auditor, it is important to…” followed by a description of the respective attribute. They were asked to rate the importance on a 7-item Likert scale, where 1=Very unimportant, 4=Neutral and 7=Very important. This utilizes
the same ranking as Abdolmohammadi and Shanteau (1992) did in their original study, although the initial statement was not the same. Since we wish to measure not only what attributes the auditors themselves may possess, but what they perceive as important, we asked them to assess the importance through the eyes of their colleagues. We argue that this might reveal perceptions that are not directly possessed by the auditor, but rather what influences their social identities may cause them to exert on their environment through social processes.

Knowledge – In an earlier part of this thesis, we argued that knowledge is an important attribute in the eyes of both auditors themselves (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004) as well as their clients (Baldacchino et al., 2017). Our expectation for this attribute is that perceived importance of knowledge is positively related to both professional orientation and commercial orientation in auditors. Therefore, respondents were asked to rate the importance of possessing this attribute, as described by Abdolmohammadi and Shanteau (1992), in order to be regarded in a positive manner by colleagues. The definition in full can be found in Appendix 1, named A1.

Adaptability – It has also previously been argued for that adaptability is an attribute that is regarded as important by both auditors (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004) and clients (Baldacchino et al., 2017). The respondents were here faced with the description of adaptability as provided by Abdolmohammadi and asked to rate this on the 7-item Likert scale. Our expectation is that perceived importance of adaptability will be positively related to both professional and commercial orientation. For the full definition, see Appendix 1, question A2.

Marketing skills – As mentioned in the hypotheses building, the importance of marketing skills has been highlighted in research from the last few decades (Abdolmohammadi & Shanteau, 2004; Broberg et al., 2018). This attribute has not been pre-defined by Abdolmohammadi et al. (2004) but was provided by respondents in open-ended questionnaires. Therefore, we have constructed an attribute from the description given by Abdolmohammadi et al. (2004), which respondents were asked to rate the importance of on the 7-item Likert scale. We expect that marketing skills will have a negative relation to professional orientation and a positive relation to commercial orientation. For the full definition, see Appendix 1, question A3.
Communication skills – The hypotheses build around this attribute revolved around how both clients (Baldacchino et al., 2017) and auditors (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004) perceive communication skills to be important from both a professional and a commercial point of view. Therefore, we expect that perceived importance of communication skills is positively related to both professional and commercial orientation. Auditors were therefore provided with a description of communication skills that builds on results from the study by Abdolmohammadi et al. (2004) and asked to rate it on the 7-item Likert-scale. The definition in full can be found in Appendix 1, named A4.

Making exceptions – As previously mentioned, auditors themselves find the attribute of making exceptions to be of importance to audit experts (Abdolmohammadi & Shanteau, 1992; Abdolmohammadi et al., 2004). However, although this perceived importance exists, Kung and Huang (2013) provide the insight that an inclination towards making exceptions might impair audit quality. Therefore, we expect that making exceptions will have a negative relation to professional orientation and a positive relation to commercial orientation. Respondents were provided with a description of this attribute stemming from results by Abdolmohammadi et al. (2004) and asked to rate its importance on a 7-item Likert-scale. The definition in full can be found in Appendix 1, named A5.

Control variables

Age – Age has been used as a control variable due to identified differences in auditors’ attitudes to commercial activities depending on age (Broberg et al., 2018). Controlling for age could therefore potentially highlight differences in commercial orientations. It has also been included in several previous studies as a control variable (e.g. Collin et al., 2007; Svanberg & Öhman, 2015) why we argue that its inclusion could contribute to this study. Age was measured through the question “In what year were you born?” to which the respondent was asked to fill in their birth year.

Gender - Previous research suggests that differences exist in auditors that can be predicted by using auditor gender as an indicator. Hardies, Breesch and Branson (2016) found that female auditors were more likely to issue going concern warnings than their male counterparts. There have also been indications that partnership structures dominated by females are associated with higher audit quality, which indicates that female leadership has positive implications for audit quality (Francis, 2011; Montenegro & Bras, 2015). Therefore, we
expect that certain differences might be identified in auditors depending on gender. Since we hypothesize that audit practice is affected by professional and commercial orientation in auditors, gender might be a good control variable due to its implication for audit quality. The variable gender has been measured through the question “Are you male or female?” to which the answers Male=0, Female=1 and Other/Don’t want to tell=N/A have been given as options. These answers have been chosen due to that in the Swedish judicial system, two genders exist. People may change their gender between the two categories, but legally they are either male or female (SFS 1972:119). However, a third option has been provided due to the possibility that a respondent does not want to disclose their gender. These replies have been treated as blanks in the dataset.

Experience - Abdolmohammadi et al. (2004) mentions experience as being highly rated by auditors and students when it comes to important characteristics of an auditor. It is however not defined what kind of experiences are important. However, indications exist that audit failure is more common in auditors who have been working with the same client for a longer time (Geiger & Raghunandan, 2002). Since it is complicated and hazardous to confidentiality to ask auditors questions about specific clients, we use experience as an indicator for whether it is possible that the auditor has long-term clients. Therefore, experience has been measured through asking the question “For how many years have you been working as an auditor?” to which the auditor is asked to disclose the number of years they have done so.

Audit firm – Since audit firms have a strong process for socializing their employees (Sellers & Fogarty, 2010) which in turn shapes their social identities (Ashforth & Mael, 1989), we find it plausible that differences exist between auditors depending on which audit firm they belong to. Therefore, the respondents were asked “Which firm do you currently work for?” to which they were given the options BDO=1, Deloitte=2, EY=3, Grant Thornton=4, KPMG=5, Mazars=6, PwC=7, or Other=8. The order is alphabetical, and the firms that were prefilled were chosen since they constitute the biggest seven audit firms in Sweden and are used in larger evaluations produced in collaborations with bigger Swedish universities (Svenskt Kvalitetsindex, 2017). They were then coded into three dummy-variables for each audit firm segment, Big 4, mid 3 or smaller firm. The dummy variable “Big 4” was created through coding the variables 1, 4, 6 and 8 into 0 and variables 2, 3, 5 and 7 into 1. For the dummy variable “mid 3”, variables 2, 3, 5, 7 and 8 were coded into 0, and 1, 4
and 6 were coded into 1. Finally, all variables except 8 were coded into 0 and variable 8 was coded into 1 for the dummy variable “small firm”.

4.6.2 Dependent variables

As previously mentioned, the three dependent variables in this study are professional orientation, commercial orientation and audit practice. The two orientations are measured using social identity theory (Ashforth & Mael, 1989) as a foundation and builds on the questionnaire developed by Mael and Ashforth (1992), but using developments found in other articles. A conscious effort has been made to make the questions for professional orientation and commercial orientation the same, since we argue that they measure two sides of the same coin, the orientations contained within the identity. However, as illustrated in figure 3.1, professional and commercial orientations are also used as independent variables in relation to audit practice. This is the case since we argue that the professional orientation and the commercial orientation may affect audit practice directly (See 3.2.6). Therefore, the professional and commercial orientations are considered mainly to be dependent variables in this study, but independent variables in relation to audit practice.

Professional orientation

Professional orientation was measured through usage of the questionnaire originally developed by Mael and Ashforth (1992). However, a few changes were made to the original set of questions. These changes were made with regards to several studies that have successfully removed some of these items to suit their interests, while maintaining good internal reliability of the instrument (Carrington, Johed & Öhman, 2011; Svanberg & Öhman, 2015; Broberg et al., 2018). However, since the highest internal reliability of the scale was found in the original study, a Cronbach’s alpha of 0.87 (Mael & Ashforth, 1992), we decided to use the original questions, but modify them for our purposes. One item in particular was however removed from the scale, which was the question about hearing mention of the profession in media. This was done due to that more recent studies have excluded this question with good results and maintained internal validity (Svanberg & Öhman, 2015; Broberg et al., 2018) while keeping the questions close to their original wording. The questions regarding professional orientation can be found in Appendix 1 and entails questions P1-P5.
Commercial orientation

The commercial orientation was also measured through the usage of the questionnaire found in Mael and Ashforth’s (1992) study on organizational identification. As argued for in subsection 2.4, we used client identification as a measurement of commercial orientation. Therefore, the questions were modified to reflect the extent to which auditors identify with their clients in a similar way to how previous studies have modified it to measure professional identification (Svanberg & Öhman, 2015; Broberg et al., 2018). Commercial orientation was measured using the same base questions as for professional orientation, excluding the original question about hearing about the client in media in line with what has been done for the questions on professional orientation. The questions regarding commercial orientation can be found in Appendix 1 and entails questions C1-C5.

Audit practice

The questions related to the effects on audit practice center around audit quality, which has been argued for in the hypotheses building. Therefore, the questions chosen for measuring audit practice are focused on audit practices that impair audit quality. The set of questions were originally developed by Otley and Pierce (1996) but have also been used more recently by Svanberg and Öhman (2015). While it would seem plausible that auditors are unwilling to admit to having engaged in audit impairing acts, both studies have acquired data where auditors admit to such behavior (Otley & Pierce, 1996; Svanberg & Öhman, 2015). Therefore, we argue that the questionnaire in question is suitable for measuring effects on audit practice. Respondents were asked to disclose how often during the last year they have engaged in behaviors such as the ones described in each individual question for this part. Respondents were given seven options, ranging from “never” to “nearly always” in line with the questionnaire produced by Svanberg and Öhman (2015). The questions were retrieved from Svanberg and Öhman (2015) and left unmodified from the article in question. The questions can be found in Appendix 1, entailing questions R1-R5.

4.7 Sample selection

Since it is not possible to research a population in its entirety, a sample has to be chosen which represents the population. The population in question for this study consists of auditors working in Sweden at the time being. We made this demarcation based on the scope
of this research, which entails a professional orientation. Audit assistants and students aspiring to become auditors cannot be argued to be insiders in the profession, due to the requirements that the Swedish Inspectorate of Auditors has for entry into the profession (Swedish Inspectorate of Auditors, 2018a). Students and audit assistants do not live up to these requirements and were therefore disregarded in this study. The population in its entirety is as a consequence likely to be registered in the audit firms that the Swedish Inspectorate of Auditors has knowledge of. Therefore, the sample consists of auditors who are members of firms that at the time were registered as active in Sweden. The contact information to auditors was collected using the register of audit firms found on the Swedish Inspectorate of Auditors’ website by the middle of April in 2018. Searches were then made on the FAR website to find auditors active in each of these audit firms by searching for certified auditors in every audit firm.

While a search on the FAR website for all auditors suggested that there were 2950 authorized or approved auditors in Sweden at the time, we were only able to find 2240 through systematic searches audit firm-by-audit firm. Thus, 75.9% of all auditors in the Swedish FAR have successfully been identified, which we argue is an adequate sample to make generalizations for the entire population. Although studies such as the one made by Carrington et al. (2013) have utilized the entire population of auditors, other studies such as Svanberg & Öhman (2013) have used as little as 1200 auditors, randomly selected. Our sample can be considered to be in between these other studies’ sample sizes that have been considered to be representable for the entire auditor population in Sweden.

This study focuses exclusively on auditors in Sweden, why other audit firm employees have not been considered. This might limit the understanding of the audit firm as a whole and the ideals shaped by the holistic organization.

4.8 Pilot study

Prior to distributing this survey, a pilot test was conducted with one auditor from the Netherlands and two auditor assistants from Sweden. They were asked to individually respond to the survey. The pilot test served the purpose of creating the ability to inform respondents about the approximate duration of the survey and the understandability and readability of the survey in question. A few minor improvements were made to the survey in terms of structure after the pilot test, where some questions were repositioned. The most salient
change was the positioning of the questions related to the professional orientation and the commercial orientation, so that the questions about the profession were put first. This was based on the belief that auditors due to demands on being independent and protecting their clients’ interests would be more comfortable answering questions about their profession first. Another minor change was the addition of a translation of the word ‘superficial’, since the auditor pilot tester argued that this word was hard to understand. A translation of this word was therefore added in Swedish in the questionnaire: översiktig.

One pilot tester argued that the referencing to “client” in questions C1-C5 (See Appendix 1) was unclear and too unspecific. The pilot tester argued that it would have been better to clarify whether the questions referred to the client as a person or otherwise. However, we argue that due to the previous usage of these questions and the internal consistency demonstrated in other studies (see subsection 4.6), the questions were considered sufficiently specific for this particular study. Furthermore, in order to measure the orientations similarly, the particular formulation serves our purposes better since it measures both professional and commercial orientation through similar phrasings.

4.9 Data analysis

The data analysis was conducted through the usage of the statistic handling computer program SPSS. The dataset collected through webbankater.se was exported to Excel and systematically recoded into a dataset compatible with SPSS. Certain adjustments were made to the question about age, since respondents were asked about what year they were born rather than their actual age. Therefore, the answers were recoded using the current year, 2018, and subtracting the answer provided by the respondent.

The statistical analysis in SPSS was conducted through the use of several tests. To begin with, the data was checked for means, medians and outliers to get an idea of how the collected sample was composed (Pallant, 2013). In order to identify any outliers, the boxplots and histograms for each variable were checked. Although this enabled the identification of a few outliers, a second analysis was made where the mean was compared to the 5% trimmed mean. Had they been very different, then there would have been reason to suspect that these outliers may skew the results (Pallant, 2013). However, this test showed that these two measures were similar enough, why all complete answers were kept in the analysis. Thereafter, a simple correlation matrix including all of the variables, independent and
dependent, was made to see where the data might correlate. The preferred method for producing correlations was Spearman correlation, since some of the questions in the questionnaire are non-parametric, why a Pearson correlation might be less reliable and might produce partly other results (Pallant, 2013).

The sample was also tested for normal distribution for each variable through a Kolmogorov-Smirnov test, which indicated that the data in the dataset did not meet the assumption of normal distribution (Pallant, 2013). However, a Pearson test of correlations was conducted to make sure that correlations between parametric variables were not lost. Here, a 95% confidence interval has been used, where correlations with 5% or less significance have been flagged. Several earlier studies in the Swedish context have adopted this confidence interval (e.g. Carrington et al., 2013; Svanberg & Öhman, 2013; Broberg et al. 2018). We have however also chosen to flag 10% significance levels in order to indicate where there might be weak relations between variables (Wild & Seber, 2000). This way of analyzing significance levels has also been used in the multiple regression analysis.

For the three dependent variables that were measured through more than one question in the questionnaire, tests have been run to investigate the questions’ internal reliability as well as whether they can be said to measure the same thing. The former was tested through a Cronbach’s alpha-test, which generates a value for measuring internal reliability. For this study, we have used a lower limit of 0.7 as a reference value, as recommended by Pallant (2013) and used by Carrington et al. (2013). It has however been taken into consideration that lower alpha-values are common in scales with ten or less items (Pallant, 2013). The internal reliability was also tested using factor analysis, which groups different variables together if they belong to the same components and measure the same thing. Through this, it is possible to see if the scales used in the research measure one or several components. We have used a factor analysis with Varimax rotation and used 0.4 and above as a reference value for strong loadings when analyzing components in the scales, which is in line with the recommendations by Pallant (2013).

Finally, the statistical models in their entirety have been tested by using multiple regression analysis. Three different multiple regressions have been attempted for each of the three dependent variables: professional orientation, commercial orientation, and audit practice. One of the requirements for using multiple regression analysis is that the sample is of
adequate size (Pallant, 2013). To assess this, the formula suggested by Pallant (2013) has been used, which indicates that a sample is of adequate size if it amounts to 50 answers and eight times the independent variables. For this survey, we have five independent variables, and use two of the three dependent variables as independent variables in relation to the third, why the guideline of 106 respondents has been used. As earlier mentioned, our survey generated 128 complete answers, why this requirement has been met for this study.

4.10 Ethical considerations
When conducting empirical studies such as the one at hand, it is important to take ethical aspects of the respondents into consideration. Since the research is carried out in Sweden, we have regarded the recommendations provided by the public agency The Swedish Research Council, Vetenskapsrådet. These guidelines can be summarized in eight different maxims or rules (Vetenskapsrådet, 2017), which we have attempted to comply with to the fullest. Swedish law does however exclude research in education on advanced level such as the one this thesis is part of (SFS 2003:460) from these liabilities. We argue that it is just as important to adhere to these guidelines in order to avoid causing damage to our respondents or act in an improper manner. Each individual rule provided by The Swedish Research Council will be discussed in the following paragraphs along with how we have attempted to follow them.

First, researchers are to tell the truth about their research. We have implemented this through informing our respondents about who we are, what we are attempting to research and how their information will be treated. The research project has also been discussed and re-evaluated with our supervisor in order to comply with this rule. In the e-mail inquiring about the survey, we have also encouraged respondents to contact us with questions or if they want a copy of the thesis for review after approval by the university. We have also informed respondents about that their information is treated confidentially, which we therefore have tried to live up to in order to remain truthful. In order to improve confidentiality, the worksheet containing the respondents’ e-mail addresses was deleted after the third reminder was sent out in order to avoid that information about respondents who have chosen to withdraw from the FAR remained collected. The emails were sent out in a way which makes it impossible for the respondents to see what other respondents received the survey.
Secondly, researchers are to review and report the premises of their studies. We have attempted to comply with this through this written report that describes our purposes and methods in detail. Thirdly and fourthly, researchers are to openly account for their methods, results, and any commercial interests and other associations. We, the authors, have no commercial interests in the research carried out and have attempted to disclose our methods and results in detail to the greatest extent possible. Fifthly, researchers should not use research results of others without their authorization. We have openly referenced other researchers throughout the thesis in order to properly give fair credit to the original authors. The dataset collected through the empirics has been collected by the authors of this thesis and has not been collected by any other researcher.

Sixth, researchers should work in an organized manner with proper documentation and filing. All the data collected and the initial drafts of this study have been kept on password protected computers and no one except the authors, our supervisor, and our opponents have been granted access to this information. The privacy policy of webbenkater.com has been reviewed to avoid any third-party claims on the data. Enuvo, the company running webbenkater.com, does not store the survey data past its deletion from their servers and commits itself to not sharing the collected data with any third party (Enuvo, 2018).

Seventh, Vetenskapsrådet (2017) states that researchers should do their research in a way that does no harm to people, animals or environment. Since this study does not include animals or environment to a notable degree, we have disregarded this part. This study did however include collecting information about people, which if the possibility existed to tie individual results to specific people, might cause damage to the respondent if distributed. These questions include information about actions that can be questioned whether they are in line with the rules that auditors are obliged to comply with through their profession. Therefore, we have undertaken measures to assure that no one with access to the data can identify who provided what answer. For example, auditors at smaller firms were not asked to disclose the specific audit firm, which might otherwise have enabled the identification of the auditor. When conducting the analysis, we never discuss individual results or create a “profile” of any individual respondent. We have also attempted to inform respondents how we intend to use the data, and never obliged anyone to complete the survey if they wished to opt out midway through the survey.
Eight, and finally, researchers should be fair in judging other’s research. We have attempted to comply with this through thoroughly attempting to understand the references used in this thesis. From this, we have attempted to give a fair presentation and building well-founded arguments when criticizing or adapting any result or view presented.

4.11 Validity and reliability

The validity of a study refers to whether the presented outcome of a study can be trusted in terms of reflecting the intended phenomenon (Bryman & Bell, 2011). This study builds on two parts, a literature review and an empirical data collection. Throughout the process, several actions have been taken in order to improve validity. First, validity in literature has been analyzed through critical review of the contents of the articles, as well as a provision of a full reference list where the claims made can be verified. Furthermore, a review of the articles in relation to a journal ranking has been made, which assesses the quality of the literature used for making claims (ABS, 2015). All articles that have been used for this study were retrieved from peer-reviewed journals. The validity of the survey can be assured through the usage of previously defined survey questions and concept definitions (Bryman & Bell, 2011). For these surveys, internal validity has been checked through analyzing previously generated Cronbach’s alpha-values, as well as a Cronbach’s alpha-test being run on the dataset collected through this study. A factor analysis has also been conducted to verify the validity of the measures used in the questionnaire. An additional measure to attempt and improve validity is the conducted small-scale pilot test of the questionnaire, which aimed at identifying any problems with the survey instrument.

Reliability of a study refers to whether the measures used for indicating certain circumstances are reliable (Bryman & Bell, 2011). It also refers to whether another researcher could use the same measures and find that they measure the same thing, and assuming an identical population, the results will be the same. We have attempted to improve reliability in measures through retrieving the majority of the questions from previous studies that found them reliable. Another attempt at verifying the reliability was the pilot test, which aimed at making sure respondents would understand the questions asked. Furthermore, the internal reliability of finding if the questions used measure the same thing has been tested through a Cronbach’s alpha-test. Finally, all analyses run on the dataset have been performed several times in order to decrease the risk that any results presented in the thesis are
faulty or the result of miscalculations. Our methods and questions have been described in
detail, why the same study can be conducted again to test reliability of the research.
5. Results and analysis

In this section, the results are presented along with a brief interpretation of what they entail. First, the sample is described through the composition of each individual variable. Secondly, an analysis and argumentation for merging the variables professional orientation, commercial orientation and RAQ acts, is provided. Third, bivariate correlations are presented that show an initial picture of how the variables are related to one another. Fourth, a multiple regression analysis is conducted in order to test the hypotheses. In the final subsection of this section, a summary of the model testing is presented where the final verdict on the hypotheses is made.

5.1 Descriptive statistics

In total, the survey generated 164 responses out of which 128 were complete. Given the sample size of 2240 auditors, the response rate is 7.32 %, including all answers, and 5.71 %, considering only the complete answers. In other studies of Swedish auditors, the response rate is usually higher, with Carrington et al. (2013) having a response rate of 41 %, Svanberg and Öhman (2015) reaching a response rate of 23.5 % and Broberg et al.’s (2013) response rate of 20 %. However, Broberg et al. (2018) only reached a response rate of about 10 %, which is closer to the response rate in this study. However, the response rate is very low compared to other studies, which should be taken into consideration when attempting to generalize the results from this study.

The analysis will build only on the full answers generated by the survey, since these answers provide a holistic picture of the composition of the respondent group. The dependent variables are merged with one another and divided by the number of questions to provide one measure each for professional orientation, commercial orientation, and the propensity to conduct RAQ acts. The motivation for this can be found in subsection 5.2. Therefore, only one variable for professional orientation, commercial orientation and RAQ acts are displayed in the descriptive statistics.

This subsection is structured as follows. First, the control variables are presented to provide a picture of the sample composition. Second, the independent variables are discussed, followed by the three dependent variables. Thus, the structure of this subsection follows figure 3.1 (see section 3).
5.1.1 Control variables

As illustrated in Table 5.1, the average age of respondents is 46.2 years, with a minimum of 28 years and a maximum of 65 years. The tenure of respondents is on average 19.7 years, with a minimum of 5 years and a maximum of 40 years.

Table 5.1 – Age and tenure distribution

<table>
<thead>
<tr>
<th></th>
<th>Age</th>
<th>Tenure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>46.2</td>
<td>19.7</td>
</tr>
<tr>
<td>Median</td>
<td>47</td>
<td>19.5</td>
</tr>
<tr>
<td>Standard deviation</td>
<td>10.2</td>
<td>9.8</td>
</tr>
<tr>
<td>Min</td>
<td>28</td>
<td>5</td>
</tr>
<tr>
<td>Max</td>
<td>65</td>
<td>40</td>
</tr>
</tbody>
</table>

As illustrated in Table 5.2, 40 respondents (31 %) are females, 87 (68 %) are males and 1 respondent chose the option ‘Other/Don’t want to answer”. These proportions compared to statistics provided by the Swedish Inspectorate of Auditors (2018b) show that approximately 65 % of auditors in Sweden are male, and 35 % are female. Thus, our sample has the same gender distribution as the population in its entirety. Furthermore, several other studies (Broberg et al., 2013; Carrington et al., 2013; Broberg et al., 2018) have received the same distribution, approximately 70 % males and 30 % females, in their studies.

Table 5.2 – Gender distribution

<table>
<thead>
<tr>
<th></th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>87</td>
<td>68 %</td>
</tr>
<tr>
<td>Female</td>
<td>40</td>
<td>31 %</td>
</tr>
<tr>
<td>Other/Nondisclosed</td>
<td>1</td>
<td>1 %</td>
</tr>
<tr>
<td>Total</td>
<td>128</td>
<td>100 %</td>
</tr>
</tbody>
</table>

As illustrated in Table 5.3, 51 % of the respondents are active at one of the Big 4 firms, 18 % at mid 3 firms, and 31 % at a small-segment firm. Thus, a minority of our sample consists of people from mid 3 firms, which might have implications for the generalizability of the results if divided by audit firm segment.
Table 5.3 – Audit firm belonging

<table>
<thead>
<tr>
<th></th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big 4</td>
<td>65</td>
<td>51 %</td>
</tr>
<tr>
<td>Mid 3</td>
<td>23</td>
<td>18 %</td>
</tr>
<tr>
<td>Small firm</td>
<td>40</td>
<td>31 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>128</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

5.1.2 Independent variables

In general, respondents rate all attributes high on the Likert-scale, as displayed in Table 5.4. The mean rating for knowledge is 5.96 with a minimum of 1 and a maximum of 7. The attribute adaptability scores an average of 5.87 while the attribute marketing skills scored a 5.22 on average, making it the lowest average rating among the attributes. Communication skills scored the highest average of 6.20. Finally, making exceptions scored an average of 5.61, also in this case with a minimum of 1 and a maximum of 7.

These results indicate that all attributes chosen for this research are perceived as important to possess. For all attributes except marketing skills, the median value is higher than the mean. This indicates that certain respondents display a tendency to rate the attributes on the higher end of the scale, with the exception of marketing skills. This is in line with the ranking of attributes in the study by Abdolmohammadi et al. (2004), where this attribute in particular was not rated as highly as the other ones in the same study.

Table 5.4 - Attributes

<table>
<thead>
<tr>
<th></th>
<th>Knowledge</th>
<th>Adaptability</th>
<th>Marketing skills</th>
<th>Communication skills</th>
<th>Making exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mean</strong></td>
<td>5.96</td>
<td>5.87</td>
<td>5.22</td>
<td>6.20</td>
<td>5.61</td>
</tr>
<tr>
<td><strong>Median</strong></td>
<td>6.0</td>
<td>6.0</td>
<td>5.0</td>
<td>6.5</td>
<td>6.0</td>
</tr>
<tr>
<td><strong>Std. Dev</strong></td>
<td>1.33</td>
<td>1.14</td>
<td>1.35</td>
<td>1.18</td>
<td>1.21</td>
</tr>
<tr>
<td><strong>Min</strong></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Max</strong></td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

N=128
5.1.3 Dependent variables

As illustrated in Table 5.5, professional orientation receives an average of 4.83 and a minimum of 1.6 and a maximum of 7. The corresponding numbers for commercial orientation were 3.34, 1 and 7. RAQ acts receive an average rating of 2.39, with a minimum of 1 and a maximum of 4.2. Similarly to the means and medians for the attributes, the medians are bigger than the means. The biggest mean can be found for professional orientation, with commercial orientation scoring approximately 1.5 ratings lower.

<table>
<thead>
<tr>
<th></th>
<th>Professional orientation</th>
<th>Commercial orientation</th>
<th>RAQ acts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.83</td>
<td>3.34</td>
<td>2.39</td>
</tr>
<tr>
<td>Median</td>
<td>5.00</td>
<td>3.40</td>
<td>2.40</td>
</tr>
<tr>
<td>Std. Dev</td>
<td>1.04</td>
<td>1.28</td>
<td>0.80</td>
</tr>
<tr>
<td>Min</td>
<td>1.60</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Max</td>
<td>7</td>
<td>7</td>
<td>4.20</td>
</tr>
</tbody>
</table>

N=128

The lowest mean can be found for RAQ acts. Svanberg and Öhman (2015) used a five-item Likert scale and acquired a mean score of 1.83, which translates to a 2.56 in a 7-item Likert scale\(^1\). Thus, our results score just a slightly lower mean than the ones generated by Svanberg and Öhman (2015). Noteworthy is that the maximum for RAQ acts is 4.2, which is just above the middle of the seven-item Likert scale. This means that none of the respondents acquire higher than an average score of 4.2 in our dataset, indicating that no respondent is nearly always engaging in all kinds of RAQ acts.

Regarding professional orientation, the minimum is 1.6, which indicates that all respondents identify with the profession to some extent. The mean and median for this variable are also above the middle of the seven-item Likert-scale, which indicates that there is a skewness in the population leaning towards identifying more with the profession than they do not. For the commercial orientation, the mean and median are on the lower end of the Likert-scale, although rather close to the middle value. This indicates skewness in the population, leaning towards individuals having a weaker commercial orientation.

\(^{1}\) This has been calculated as 1.83 divided by five and multiplied by seven
5.2 Merging of variables

The descriptive statistics above assume that a merging of questions regarding professional and commercial orientation, and RAQ acts can be made. However, several tests are made to assure that the variables can be merged with good internal validity, which are described in section 4. An overview of the factor analysis, which is described in this subsection, can be found in Appendix 5.

As illustrated in Table 5.6, the Cronbach’s alpha-test generated an alpha-value of 0.805 for questions regarding the professional orientation, which is above the 0.7 reference value provided by Pallant (2013). The factor analysis of this set of questions generated only one component, where the variable with the lowest loading has a loading of 0.698, which is well above the referenced value of 0.4 provided by Pallant (2013). Considering the previous studies and the theoretical argumentation for merging these variables into a single variable, the merging of data from questions P1-P5 is seen as motivated. Therefore, the data from these questions are added to one another and divided by the number of questions to create the measure of “professional orientation”. An analysis is made of whether the alpha-value can be improved through the exclusion of any question, to see if any question deviates in a particular way. This analysis finds that any deletion of a variable worsens the alpha-value, why the questions seem to measure professional orientation the best when kept together.

Table 5.6 – Merging of variables

<table>
<thead>
<tr>
<th></th>
<th>Alpha-value</th>
<th>Number of questions</th>
<th>Number of components</th>
<th>Number in questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional orientation</td>
<td>.805</td>
<td>5</td>
<td>1</td>
<td>P1-P5</td>
</tr>
<tr>
<td>Commercial orientation</td>
<td>.847</td>
<td>5</td>
<td>1</td>
<td>C1-C5</td>
</tr>
<tr>
<td>RAQ acts</td>
<td>.756</td>
<td>5</td>
<td>1</td>
<td>R1-R5</td>
</tr>
<tr>
<td>Attributes</td>
<td>.872</td>
<td>5</td>
<td>1</td>
<td>A1-A5</td>
</tr>
</tbody>
</table>

For questions regarding commercial orientation, the Cronbach’s alpha value generated is 0.847, which is above the referenced value. Furthermore, the factor analysis creates only one component out of the variables, where the lowest loading of a variable is 0.689, which is above the reference value mentioned above. Considering the previous studies and the
theoretical underpinnings for the merging of these variables into one variable, the merging of these questions into one variable is considered motivated. Therefore, the variables generated from questions C1-C5 are combined into one single value through adding the questions to one another and dividing them by the number of questions, creating the measure of “commercial orientation”. Similarly as for professional orientation, the analysis finds that any deletion of a variable worsens the alpha-value, why the questions seem to measure commercial orientation the best when kept together.

For RAQ, the Cronbach’s alpha-test generates an alpha-value of 0.756. Furthermore, the factor analysis does not separate this set of questions into several components. The lowest loading in this individual component is 0.610. Considering these tests and the theoretical foundation for merging these questions, the merging of data generated from questions R1-R5 in the questionnaire is considered to be motivated. Therefore, the data from these questions was added to one another and divided by the number of questions to create the measure of “RAQ acts”. For this measure, the analysis finds that the removal of the question R2 marginally improves the alpha-value, to an alpha-value of 0.776. Albeit this is the case, the alpha-value is still over the 0.7 limit as it is, why we decide to keep all the intended questions in the measure for RAQ acts. However, this analysis indicates that something with R2 is different from the other questions, which is highlighted further on in the discussion section.

Finally, due to the tendency of respondents to rate the attributes similarly, which is illustrated in subsection 5.1, a suspicion arises that these questions might be measuring something similar. This suspicion is also reinforced by the fact that they are all included in the study by Abdolmohammadi et al. (2004), where they are said to mention different attributes in expertise. The Cronbach’s alpha value for a merging of questions A1-A5 is 0.872, which is the highest Cronbach’s alpha value in our dataset. The factor analysis indicates the same thing, since only one component is generated with the lowest individual loading of 0.697. This indicates that these questions together might measure the same thing, which we reason to be expertise in auditors. However, since our hypotheses argue for several of these attributes to have different relations to professional orientation and commercial orientation, we keep them as separate attributes for the rest of the analysis. Furthermore, the decision to do so does not create any multicollinearity issues in the multiple regression analysis (see
subsection 5.4), which indicates that they might not measure the same thing. However, this should be taken into consideration for future research (see section 6).

5.3 Correlations

As mentioned in the method section, a Spearman test of correlations is conducted in order to identify where potential relations between variables can be found. The correlation matrix demonstrating the results from this test can be found in Table 5.7. The test of correlations is also important for identifying potential risks of multicollinearity in the forthcoming multiple regression analysis (Pallant, 2013). This subsection starts by discussing the correlations for the dependent variables first, then moves further to the correlations between the independent variables and control variables. Thus, the text analyzes the correlation matrix from left to right.
### Table 5.7 – Spearman correlation matrix

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
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<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>3</td>
<td>.285**</td>
<td>.292**</td>
<td>-</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4</td>
<td>-.124</td>
<td>.203*</td>
<td>.062</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.047</td>
<td>.331**</td>
<td>.160+</td>
<td>.530**</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.018</td>
<td>.266**</td>
<td>.272**</td>
<td>.388**</td>
<td>.426**</td>
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<td></td>
<td></td>
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<tr>
<td>7</td>
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<td>.271**</td>
<td>.023</td>
<td>.494**</td>
<td>.595**</td>
<td>.393**</td>
<td>-</td>
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<td></td>
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<td>8</td>
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<td>.450**</td>
<td>.591**</td>
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<tr>
<td>10</td>
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<td>.172+</td>
<td>-.015</td>
<td>-.058</td>
<td>.147+</td>
<td>.072</td>
<td>.064</td>
<td>.151+</td>
<td>-.315**</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>.016</td>
<td>-.054</td>
<td>-.100</td>
<td>-.052</td>
<td>-.175*</td>
<td>-.056</td>
<td>-.053</td>
<td>-.071</td>
<td>.938**</td>
<td>-.278**</td>
<td>-</td>
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<td></td>
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<td>.000</td>
<td>.010</td>
<td>.083</td>
<td>.109</td>
<td>.035</td>
<td>.056</td>
<td>.059</td>
<td>-.065</td>
<td>-.092</td>
<td>-.026</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>.210*</td>
<td>-.019</td>
<td>-.017</td>
<td>-.080</td>
<td>-.086</td>
<td>-.101</td>
<td>-.047</td>
<td>-.063</td>
<td>-.096</td>
<td>.051</td>
<td>.071</td>
<td>.880**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
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<td>.040</td>
<td>.015</td>
<td>.001</td>
<td>-.040</td>
<td>.141</td>
<td>-.015</td>
<td>-.012</td>
<td>-.069</td>
<td>.077</td>
<td>-.095</td>
<td>-.174+.316**</td>
<td>-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>-.178*</td>
<td>.013</td>
<td>.004</td>
<td>.073</td>
<td>.110</td>
<td>.014</td>
<td>.055</td>
<td>.049</td>
<td>-.036</td>
<td>-.107</td>
<td>.007</td>
<td>.949**</td>
<td>.685**</td>
<td>.475**</td>
<td>-</td>
</tr>
</tbody>
</table>

Level of significance: **p<.01, *p<.05, </p>

For RAQ acts, four significant correlations are found. This variable correlates positively with commercial orientation and small firm-dummy, and negatively with audit firm segment and Big 4-dummy. This indicates that the higher commercial orientation an auditor has and if they are part of a small audit firm, the more likely they are to engage in RAQ acts. The negative correlation for audit firm segment indicates that the bigger the audit firm an auditor is part of, the less likely the auditor is to engage in RAQ acts. However, only Big 4-dummy and small firm-dummy correlate significantly with RAQ acts. Since mid 3-dummy does not show a significant correlation to RAQ acts, there is reason to suspect that the relation between RAQ acts and audit firm segment is not as linear as the latter variable indicates. Thus, the difference in propensity to do RAQ acts may only be found between small firms and Big 4 firms. Therefore, the categorical dummy-variables are used for analyzing audit firm belonging in the multiple regression analysis, since this categorization identifies differences that the continuous variable audit firm segment does not.
For professional orientation, seven significant correlations are found. The first one is between professional orientation and commercial orientation, which indicates a positive relation between these two variables. Furthermore, significant correlations are found for all the attributes, which indicates that professional orientation correlates positively to all of the attributes measured in the study. Finally, a weak correlation (at the 10% level) is found between professional orientation and gender, which indicates that women may be more likely to score higher for professional orientation.

For commercial orientation, only two significant correlations outside the ones mentioned above are identified. The first one is a weak positive correlation between commercial orientation and adaptability, which indicates that auditors who are more commercially oriented may rate adaptability higher. The second one is related to marketing skills. This correlation is significant at the 1%-level and indicates that auditors who score higher on commercial orientation are likely to rate marketing skills higher.

Regarding the attributes, most noteworthy is that all of the attributes are positively correlated to one another at the 1%-level. As a consequence, there is reason to suspect that the attributes may cause multicollinearity if put in the same regression model. The highest correlation coefficient that can be found here is 0.595, which is beneath the 0.9 level that according to Pallant (2013) indicates multicollinearity. However, there is also reason to suspect that they are not measuring the same thing, as has been discussed previously in subsection 5.2. Therefore, the analysis attempts to use all the attributes in the multiple regressions, while checking for multicollinearity as an extra precaution.

Furthermore, gender and adaptability display a weak positive correlation that indicates that females are more likely to rate adaptability higher. Furthermore, adaptability and tenure are negatively correlated at the 5% significance level, which implies that people who have worked longer as auditors are less prone to rating adaptability higher. The attribute making exceptions correlate at a 10% significance level positively to gender, which suggests that females are more prone to making exceptions. Being female also implies that you are younger, since gender and age correlate negatively with high significance.

Tenure and age correlate at a 1% significance level with a correlation coefficient of 0.938. This indicates that tenure and age are very likely to cause multicollinearity if used in the same multiple regression model (Pallant, 2013). Therefore, the multiple regression models
excludes one of these two variables if the variance inflation factor (VIF) values are too high, which indicates multicollinearity if above 10 (Pallant, 2013). An analysis of the multicollinearity in these factors can be found in subsection 5.4.1. Furthermore, as for age and gender, tenure and gender are negatively correlated. This indicates that auditors with longer tenure are less likely to be female.

Finally, for audit firm segment and the dummy variables measuring audit firm segment category, several correlations exist. The correlations between the dummy variables are to be expected, since the belonging to one category excludes the auditor from the other two categories. Interestingly however, is that audit firm segment and mid 3-dummy only displays a weak negative correlation. This could be explained by that a relatively small part of our sample consists of respondents from mid 3 firms that might skew these results.

5.4 Multiple linear regression

In this subsection the multiple regression analysis is conducted in order to create results for confirming or rejecting the hypotheses. Multiple regression is a method for analyzing the relations between one dependent variable and two or more independent variables (Pallant, 2013). Multiple regression is a suitable method for testing the model created for this study, since it consists of several independents and their relations to different dependent variables individually. However, according to Pallant (2013), it is important that no multicollinearity exists between the variables, why this is tested in subsection 5.4.1 as well as later on for each individual regression. Furthermore, for the multiple regression analysis, the standardized Beta-value is presented since this enables comparison between different variables that do not depend on the measurements of the individual variable (Pallant, 2013). A positive standardized Beta-value indicates a positive effect from the individual variable on the regression as a whole, while a negative standardized Beta-value indicates a negative effect on the regression.

In the model testing, all variables displaying p <0.10 within the regression are considered to indicate that a relation is present for the variable in question. Consequently, the standardized Beta-value is used to indicate the direction of said relationship. The standardized Beta-value is preferred over the regular Beta-value due to that the standardized measure enables comparison between separate variables (Pallant, 2013). These variables are used to confirm or reject the hypothesis regarding the variable in question. However, the actual
rejection and accepting of hypotheses is made in subsection 5.5, where the results from the bivariate correlations are taken into consideration as well.

5.4.1 Analysis of multicollinearity
Since multiple regression analysis is very sensitive to multicollinearity (Pallant, 2013), we analyze this to rule out that such an occurrence might skew the results. The Spearman test of correlations provided the insight that there might be issues with multicollinearity if tenure and age are used in the multiple regression analysis simultaneously. Therefore, a regression analysis of these variables alongside the attributes is conducted to check for which variable creates the highest multicollinearity in the model. The inclusion of the attributes in this test is made since a regression with only the two correlated variables produced the same VIF-values for both of the variables, why no exclusion can be made based on this test.

Although the VIF values presented in Table 5.8 do not exceed the limit of 10 suggested by Pallant (2013), we decide to exclude the variable displaying the highest VIF value (i.e. tenure) since multiple regression analysis is sensitive to variables that correlate highly with one another (Pallant, 2013). Therefore, age is used as a control variable in the multiple regression analysis. For the other multiple regression analyses, no multicollinearity is identified. The respective maximum VIF-values for each regression can be found by the individual regression model.

Table 5.8 – VIF values

<table>
<thead>
<tr>
<th>Variable</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>8.469</td>
</tr>
<tr>
<td>Tenure</td>
<td>8.633</td>
</tr>
</tbody>
</table>

5.4.2 Professional orientation
In order to analyze what attributes and control variables that might contribute to explaining professional orientation, a multiple regression analysis is conducted with all the variables included. Although the full model provided significance for the entire regression, several of the variables in the regression displayed p-values that are considered too high, why they are not contributing. Therefore, we systematically exclude the variable with the highest significance value to improve the model stepwise. While excluding variables, we analyze
the effect on the adjusted $R^2$ and the significance for the entire regression to see if the model is improved. The initial regression model can be found in Appendix 6. The hypotheses that are tested though the multiple regression of this variable are the following:

$H1a$: Auditors’ perceived importance of knowledge has a positive relation to professional orientation.

$H2a$: Auditors’ perceived importance of adaptability has a positive relation to professional orientation.

$H3a$: Auditors’ perceived importance of marketing skills has a negative relation to professional orientation.

$H4a$: Auditors’ perceived importance of communication skills has a positive relation to professional orientation.

$H5a$: Auditors’ perceived importance of making exceptions has a negative relation to professional orientation.

The result of the testing of the model can be found in Table 5.9. Only the control variable gender, and the attributes adaptability, marketing skills and communication skills are included for reasons previously described. Adaptability displays significance at the 5% level, indicating a positive relation to professional orientation. Marketing skills also display a 5% significance level, indicating a positive relation to professional orientation.

<table>
<thead>
<tr>
<th>Professional orientation</th>
<th>Standardized B-coefficient</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td>.125</td>
<td>.190</td>
</tr>
<tr>
<td>Adaptability</td>
<td>.259*</td>
<td>.113</td>
</tr>
<tr>
<td>Marketing skills</td>
<td>.225*</td>
<td>.079</td>
</tr>
<tr>
<td>Communication skills</td>
<td>-.182</td>
<td>.182</td>
</tr>
</tbody>
</table>

Level of significance: **<.01, *<.05, +< .10

Adj. $R^2 = .100$

VIF value, highest = 2.170

F-value = 4.501

N=128
The model in its entirety displays a two-star significance of 0.002 with an adjusted $R^2$ of 0.1. This indicates that the model in its entirety is capable of explaining 10% of the variance in professional orientation (Pallant, 2013). While only two of the attributes display significance within the regression, the exclusion of gender and communication skills cause the adjusted $R^2$ to decrease to 0.83. However, no improvement is made in the significance level that remains at 0.002. Thus, we reason that although a model only based on the attributes adaptability and marketing skills provides a better fit, some aspects of gender and communication skills might contribute to explaining the change in professional orientation.

5.4.3 Commercial orientation

Following the same method as for the multiple regression of professional orientation, the analysis of commercial orientation is made through systematically excluding non-significant variables from the regression model. The initial model with all variables can be found in Appendix 6. Although the full model provided significance for the entire regression, several of the variables in the regression displayed p-values that are considered too high, why they are not contributing. Therefore, the variable with the highest p-value is removed after each new regression attempt. The hypotheses tested through this multiple regression analysis are the following:

H1b: Auditors’ perceived importance of knowledge has a positive relation to commercial orientation.
H2b: Auditors’ perceived importance of adaptability has a positive relation to commercial orientation.
H3b: Auditors’ perceived importance of marketing skills has a positive relation to commercial orientation.
H4b: Auditors’ perceived importance of communication skills has a positive relation to commercial orientation.
H5b: Auditors’ perceived importance of making exceptions has a positive relation to commercial orientation.

Three variables are included in the model that is shown in Table 5.10. Only two of the initially hypothesized attributes display significance for the regression in its entirety: marketing skills and communication skills. Marketing skills is significant at a 1% significance level indicating that this attribute is positively correlated to commercial orientation in
auditors. Communication skills exhibits a significance at the 10 % level indicating that communication skills are negatively related to commercial orientation.

**Table 5.10 - Multiple regression model for commercial orientation**

<table>
<thead>
<tr>
<th>Commercial orientation</th>
<th>Standardized B-coefficient</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adaptability</td>
<td>.169</td>
<td>.141</td>
</tr>
<tr>
<td>Marketing skills</td>
<td>.278**</td>
<td>.099</td>
</tr>
<tr>
<td>Communication skills</td>
<td>-.238+</td>
<td>.134</td>
</tr>
</tbody>
</table>

Level of significance: **<.01, *<.05, + < .10
Sig: .009

Adj. R^2 = .066
VIF value, highest = 2.149
F-value = 3.984
N=128

The model in its entirety displays a two-star significance of 0.009 and an adjusted R^2 of 0.066, which shows that the model at hand is capable of explaining about 6.6 % of the change in commercial orientation in auditors. Adaptability is also kept in the model due to that deterioration in the adjusted R^2 can be observed when this attribute is excluded from the model (Adj. R^2=0.6), while only a minor improvement is observed in the p-value for the regression in its entirety. Therefore, the final model includes the three attributes adaptability, marketing skills and communication skills.

**5.4.4 RAQ acts**

Due to that several of the attributes are unable to explain the change in professional and commercial orientation, an attempt at explaining the RAQ acts is made through the inclusion of independent variables in the model testing of this dependent variable. This is done since we reason that although the attributes cannot explain the orientations at hand, we suspect that more orientations can exist in auditors that we do not measure. These could potentially be identified through the inclusion of the attributes directly. The initial model test can be found in Appendix 6. The regression of this model in its entirety is significant, but several of the independent variables display no significance within the regression, why they do not make an exclusive contribution to the model. Therefore, systematical exclusion of variables is done in order to improve the model, starting with the variables displaying the highest p-values. A decision is also made on which of the audit firm segment categories
is to be used as reference group, and which dummy variables should be kept in the model. This analysis can be found in subsection 5.4.5. The result from this analysis indicates that the highest significance levels can be found when comparing the small firms to the rest of the firms, why Big 4 and mid 3 firms are used as a reference group.

The hypotheses tested through this regression model are the following:

\[ H6a: \text{Auditors with a high professional orientation are less likely to engage in reduced audit quality acts.} \]

\[ H6b: \text{Auditors with a high commercial orientation are more likely to engage in reduced audit quality acts.} \]

The regression model for RAQ acts after systematically removing variables can be found in Table 5.11. Four variables show significance for explaining the variance in RAQ acts in auditors. Two out of these display only weak significance at the 10% significance level. These are knowledge and adaptability, which indicates that knowledge has a negative relation to RAQ acts, while adaptability has a positive relation to the same. Another significant result at the 5% significance level is that being an auditor at a small firm has a positive relation to engaging in RAQ acts, why the referenced group is less likely to do so. Finally, a significant result at the 1% level is that commercial orientation in auditors has a positive relation to RAQ acts.

<table>
<thead>
<tr>
<th>RAQ acts</th>
<th>Standardized B-coefficient</th>
<th>Standard error</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professional orientation</td>
<td>-.104</td>
<td>.070</td>
</tr>
<tr>
<td>Commercial orientation</td>
<td>.314**</td>
<td>.055</td>
</tr>
<tr>
<td>Knowledge</td>
<td>-.210*</td>
<td>.061</td>
</tr>
<tr>
<td>Adaptability</td>
<td>.178+</td>
<td>.074</td>
</tr>
<tr>
<td>Small firm - dummy</td>
<td>.206*</td>
<td>.143</td>
</tr>
</tbody>
</table>

Level of significance: **<.01, *<.05, + < .10

Adj. $R^2 = .127$

VIF value, highest = 1.633

F-value = 4.699

N=128
The adjusted R\(^2\) for this regression is 0.127, which indicates that 12.7% of the variance in RAQ acts can be explained through the created model. While professional orientation is not significant for the model on its own, the exclusion of this variable causes the R\(^2\) to decrease to 0.125 although an improvement in significance can be observed. If professional orientation is removed, the significance for adaptability also disappears, why in the next step adaptability is removed, which causes the adjusted R\(^2\) to decrease to 0.116. Therefore, we argue that although professional orientation is not significant in itself, it contributes to the model together with adaptability. It is therefore kept in the model.

5.4.5 Regression with dummy variables
In order to identify which dummy variable that is to be kept in the regression analysis of RAQ acts, a separate regression of these dummy variables is made. This regression is done through excluding one reference group at a time, in order to see which group displays significant results for RAQ acts in comparison to the other groups. As illustrated in Table 5.12, Big 4 firms in comparison to small firms display significance. However, comparing the other groups to mid 3 firms generates no significance. Therefore, we conclude that the differences found in RAQ acts stem from Big 4 firms and small firms. Thus, the result that can be derived from this analysis is that auditors at Big 4 firms are less likely to engage in RAQ acts compared to auditors at small firms and vice versa. As a consequence, the inclusion of either Big 4-dummy or small firm-dummy is motivated in the regression model for RAQ acts. However, since the adjusted R\(^2\) for RAQ acts is higher when using Big 4 and mid 3 as reference group, small firm-dummy is kept in the regression analysis of RAQ acts (see subsection 5.4.4).

![Table 5.12 - Multiple regression model with dummy variables](image)

<table>
<thead>
<tr>
<th>N=128</th>
<th>Referenced group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Big 4</td>
</tr>
<tr>
<td></td>
<td>Std. B</td>
</tr>
<tr>
<td>Big 4</td>
<td>-</td>
</tr>
<tr>
<td>Mid 3</td>
<td>.053</td>
</tr>
<tr>
<td>Small firms</td>
<td>.210*</td>
</tr>
</tbody>
</table>

Level of significance: **<.01, *<.05, + < .10
5.5 Summary of model testing

From the multiple regression analysis, several results to the hypothesis testing are made visible. These are summarized in Table 5.13.
Table 5.13 – Summary of hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Status</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1a Auditors’ perceived importance of knowledge has a positive relation to professional orientation.</td>
<td>Rejected</td>
<td>No relation found</td>
</tr>
<tr>
<td>H1b Auditors’ perceived importance of knowledge has a positive relation to commercial orientation.</td>
<td>Rejected</td>
<td>No relation found</td>
</tr>
<tr>
<td>H2a Auditors’ perceived importance of adaptability has a positive relation to professional orientation.</td>
<td>Accepted</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H2b Auditors’ perceived importance of adaptability has a positive relation to commercial orientation.</td>
<td>Cannot be rejected</td>
<td>Contributes to model</td>
</tr>
<tr>
<td>H3a Auditors’ perceived importance of marketing skills has a negative relation to professional orientation.</td>
<td>Rejected</td>
<td>Reverse relation</td>
</tr>
<tr>
<td>H3b Auditors’ perceived importance of marketing skills has a positive relation to commercial orientation.</td>
<td>Accepted</td>
<td>Confirmed</td>
</tr>
<tr>
<td>H4a Auditors’ perceived importance of communication skills has a positive relation to professional orientation.</td>
<td>Cannot be rejected</td>
<td>Contributes to model</td>
</tr>
<tr>
<td>H4b Auditors’ perceived importance of communication skills has a positive relation to commercial orientation.</td>
<td>Rejected</td>
<td>Reverse relation</td>
</tr>
<tr>
<td>H5a Auditors’ perceived importance of making exceptions has a negative relation to professional orientation.</td>
<td>Rejected</td>
<td>No relation found</td>
</tr>
<tr>
<td>H5b Auditors’ perceived importance of making exceptions has a positive relation to commercial orientation.</td>
<td>Rejected</td>
<td>No relation found</td>
</tr>
<tr>
<td>H6a Auditors with a high professional orientation are less likely to engage in reduced audit quality acts.</td>
<td>Cannot be rejected</td>
<td>Contributes to model</td>
</tr>
<tr>
<td>H6b Auditors with a high commercial orientation are more likely to engage in reduced audit quality acts.</td>
<td>Accepted</td>
<td>Confirmed</td>
</tr>
</tbody>
</table>

First, for the hypotheses regarding professional orientation, one hypothesis is accepted. This is due to that adaptability shows a positive relation to professional orientation in auditors, which is in line with H2a. H3a, which predicts that marketing skills have a negative relation to professional orientation, is rejected because a significant relation showing the opposite result is found. This indicates that marketing skills instead have a positive relation to professional orientation in auditors. A third result is found for the attribute communication skills. This indicates that although communication skills cannot reliably be argued to have a certain relation to professional orientation, the variable measuring communication skills contributes to the model. Therefore, it is not possible to neither accept nor reject H4a.
However, the standardized Beta indicates that the effect on the regression from the inclusion of this variable is negative. It should also be taken into consideration that this attribute displays a two-star significance level in the bivariate correlations. Interestingly, all of the attributes have significant positive relations with professional orientation in the bivariate Spearman correlation. These results are not reflected in the final regression model. However, the weak correlation between gender and professional orientation found through the Spearman test of correlations are maintained in part in the multiple regression, since gender is found to contribute to the adjusted $R^2$ although this variable itself is not significant within the regression. For $H1$ (regarding knowledge) and $H5$ (regarding making exceptions), no significance is found through the multiple regression analysis that indicates that they may explain the variance in professional orientation, although they display bivariate correlations to professional orientation. Therefore, two hypotheses are rejected.

For commercial orientation, two salient results regarding the attributes are found. These results confirm $H3$, since marketing skills show a strong significance in its positive contribution to the regression for commercial orientation. However, for communication skills, a weak significance shows a negative effect on the regression for commercial orientation, although no correlation can be found in the Spearman test of correlation. This is in strict divergence with $H4$ since the opposite result is expected. Although adaptability is not significant in itself for the regression, it contributes to the adjusted $R^2$. Taking this into consideration, the result from the regression as well as the weak positive correlation found in the Spearman test of correlations, $H2$ cannot be accepted nor rejected. The remaining hypotheses for commercial orientation, $H1$ and $H5$, gain no support from either the multiple regression analysis or the Spearman test of correlations. Therefore, these hypotheses are rejected.

For RAQ acts, several salient results can be found. First, commercial orientation shows a strong positive relation to the regression of this variable, similarly as for the Spearman test of correlations. Therefore, $H6$ gains support, why it is accepted. Secondly, knowledge, adaptability and small firm belonging display significant contributions to the regression for RAQ acts. The effects are positive for adaptability and small firm belonging, and negative for knowledge. Only small firm displays a significant correlation out of these variables in the Spearman test of correlations. Additionally, professional orientation contributed to the regression for RAQ acts, although this variable does not display any significance either in
the Spearman test of correlation or in the multiple regression analysis, although a contribution is observed to the adjusted $R^2$ when this variable is kept in the model. The effect of the standardized Beta value indicates that the effect of this variable is negative. This indicates that some contribution is made through the addition of professional orientation to the model, why H6a is neither rejected nor accepted.

Additionally, some relations are found between RAQ acts and a few of the attributes. These are not hypothesized about, but are found during the model testing. These results show that the attribute knowledge has a significant negative relation to RAQ acts and that adaptability has a weakly significant positive relation to RAQ acts. These results cannot be captured fully though the model testing of professional and commercial orientation, but surfaces through a direct relation to RAQ acts. We also find that auditors at small firms are more likely to engage in RAQ acts than other auditors.
6. Discussion and conclusion

In this section, the thesis is concluded through first providing a summary of the thesis and the findings. Secondly, the results are discussed through the established theoretical lens presented in section 2. Thirdly, the practical and theoretical contributions of this thesis are presented. Fourth, limitations and suggestions for future research are discussed. Finally, the thesis is concluded with some concluding remarks.

6.1 Summary of the thesis

The purpose of this study is to describe and analyze how auditor attributes are related to professional and commercial orientations, and how the various orientations are related to audit practice. The study is based on three main theories, which are agency theory, social identity theory and theory of professions. Agency theory along with social identity theory builds a framework through which the incentives for certain behavior, and orientations within an auditors’ identity, can be explained. The theory of professions is used to describe the context in which the auditor is active through its occupation, as well as providing norms for how the auditor should act within its profession.

The thesis takes on the form of a quantitative study based on deductive reasoning building on both previous literature as well as empirical research. The former created a foundation for twelve hypotheses to take shape. The attributes (the independent variables) researched are knowledge, adaptability, marketing skills, communication skills and making exceptions, and how they are related to professional orientation and commercial orientation. The hypotheses also include suspicions about that professional and commercial orientation could explain the effects on audit practice, through RAQ acts, which impair audit quality. The empirical research is carried out through a survey method with the practical embodiment of a questionnaire sent out by e-mail to 2240 registered authorized and approved auditors in Sweden. The e-mail addresses were retrieved from FAR’s register and three emails were sent out to each auditor at different points in time, one original inquiry and two reminders. This procedure generated 164 answers, out of which 128 answers were complete. The analysis built on the complete answers. The findings indicate that professional orientation can be explained through adaptability and marketing skills. While the positive relation to adaptability confirms the hypothesis for
this attribute, the positive relation to marketing skills rejects the hypothesized relation. Communication skills can also be observed to contribute to the explanation of the change in professional orientation, although it provides no exclusive significant contribution to the model for explaining professional orientation. The contribution of this variable should therefore be interpreted with care. It does however indicate that something close to this variable may capture something else that could have an effect on the change in professional orientation. The same holds true for the control variable gender.

For commercial orientation, the findings confirm the hypothesis that marketing skills have a positive relation to commercial orientation. The findings do however reject the hypothesis that communication skills have a positive relation to commercial orientation, since the relation found was the opposite. Another result indicates that adaptability could potentially contribute to explaining the change in commercial orientation. However, this result is not significant and should be interpreted very carefully. The direction of this relation indicates a positive relation to commercial orientation. This provides a clue to that the attribute adaptability might capture something that could explain variance in commercial orientation in auditors.

Finally, for RAQ acts, all attributes and control variables are included alongside the initially intended professional and commercial orientation in the attempt to create a model for this phenomenon. This is motivated since the attributes could not coherently explain the change in professional orientation and commercial orientation, why a suspicion arose that they could potentially instead be able to explain RAQ acts. Here, a strong positive significant relation of commercial orientation is found. This confirms the hypothesis for RAQ acts. Additionally, adaptability and being part of a small firm have a positive relation to RAQ acts. Knowledge however, provides a significant result for decreasing the propensity to engage in RAQ acts. Professional orientation does not make a significant contribution to this model in itself, but is included due to its improvement of the model in its entirety. There is therefore reason to suspect that an improvement can be made of this measure to more precisely explain why auditors engage in RAQ acts, which is further discussed in subsection 6.4.
6.2 Discussion of the results

The purpose of this thesis is to investigate not only the effects of individual attributes on the professional and commercial orientations of auditors, but also how these orientations in turn can explain the negative effects on audit practice. The main finding is that it is possible to partially provide an explanation of what attributes may affect professional and commercial orientation in auditors, and that at least one out of two orientations may explain the effects on audit practice. It should however be taken into consideration that the relations found may not be causal and that the reason for the correlations could be other than the ones analyzed in this thesis.

The theoretical model created argues that knowledge should be positively related to professional orientation as well as commercial orientation. No relation can however be identified for this attribute to either of the studied orientations. These results are surprising, given that professions place emphasis on educational requirements (Brante, 1988) as well as for how education has been found to have an effect on the likeliness for audit failure (Ye et al., 2014). The latter is however found in relation to the RAQ acts, indicating that it is negatively related to committing RAQ acts. Therefore, our results give support for the claims made by Ye et al. (2014) that the risk for audit failure is reduced by being knowledgeable also in the Swedish context. Our results do however indicate that neither professional nor commercial orientation may act as a proxy for predicting the relation between knowledge and RAQ acts, although it does have an effect on the latter.

The hypothesized positive relation between adaptability and professional orientation is confirmed. The theory of professions argues that an auditor should act on behalf of the general public and in the interest of the society (Brante, 1988), why an auditor needs to be able to put its own personal interests aside (Öhman & Wallerstedt, 2012). However, it is possible that society’s interests vary over time and therefore, the auditor needs to adapt to these interests, why it is plausible that it has a positive effect on professional orientation if the auditor is adaptable. It can also be argued that disregarding one’s own interests for a bigger group is a part of both agency theory and social identity theory. If we consider the relation between the auditor and the profession through the lens of agency theory (Eisenhardt, 1989), one could argue that the actions of the auditor in line with the profession is the auditor as an agent, acting on the behalf of the profession as the principal. This could
indicate that the adaptability’s positive relation to the profession is a successful principal influencing the agent’s actions. The adaptability could be an indication of how the auditor has internalized the principal’s interests through adapting to them. The underlying force could be that the auditor wishes to identify with its profession in accordance with social identity theory. As long as the profession is the group that the auditor wishes to belong to, the adaptability could be positive only. Our results indicate that the adaptability might also increase the RAQ acts in auditors. This should be regarded as a warning sign that the auditor could adapt to other interests outside the profession, if the profession is no longer regarded as the desirable group to belong to.

Our results do not show the hypothesized connection between adaptability to commercial orientation, although it cannot be ruled out. Our study does only consider client identification as the basis for commercial orientation. It is possible that adapting to and identifying with another group such as the audit firm could explain the effect on audit practice. The identification with the audit firm has to our knowledge not been explored through social identity theory previously, although Broberg et al. (2018) have explored orientations related to the audit firm and found them to be drivers for commercialization.

The hypothesis about marketing skills is that marketing skills have a negative relation to the professional orientation in auditors, and a positive relation to commercial orientation. The latter is strongly supported, which confirms the results by Broberg et al. (2018) that auditor identities hold importance for to which extent they engage in marketing activities. However, the hypothesis that marketing skills have a negative relation to professional orientation is rejected since the opposite result was supported. This could potentially be explained through the results by Abdolmohammadi et al. (2004), who found that marketing skills are moderately important for the expertise of auditors. Therefore, a link between expertise and professional orientation might exist that is not explored in this thesis. It can thus be an indication that a certain degree of marketing skills is important for present day auditors and their professional orientation.

For communication skills, no support is provided for either of the hypotheses. However, the hypothesis for the positive relation between communication skills and professional orientation cannot be entirely cast aside due to its contribution to the regression model. A potential explanation for this result is that auditors have a standardized way of
communicating with one another due to heavy socialization in audit firms (Sellers & Fogarty, 2010). Therefore, no variance can be found in this group related to professional orientation. It can also be argued that since one of the tasks of the auditor is to communicate with external stakeholders, the communication related to the professional orientation is heavily standardized. However, the hypothesis that communication skills are good for commercial orientation is rejected since the opposite relation is found. This might be due to that the perception of auditors as “public watchdogs” (McEnroe & Martens, 2001; Svanberg & Öhman, 2015) acts as an inhibitor for communication with clients to be beneficial for auditor-client closeness such as the one captured in the commercial orientation. It is however also rated as the most important attribute for auditors to have according to themselves. Since a negative relation can be found to this attribute, there is reason to suspect that auditors themselves do not desire the commercial orientation.

Making exceptions has no relation to either professional or commercial orientation, although a correlation is found in the Spearman correlation matrix for professional orientation. The results from the regression do however indicate that this attribute is not linked to either of the orientations in any way. A potential explanation for these results can be that auditors have different frames of reference for what constitutes making an exception. Drawing on the results by Kung and Huang (2013) and Shaub et al. (1993) highlighting that auditors who have a highly idealistic moral orientation are less likely to make exceptions, it can indicate that auditors in general are either highly idealistic or completely non-idealistic, why no variance can be identified in this sample. Drawing on the descriptive statistics, which illustrate that auditors rate the attribute making exceptions on the higher end of the scale, highlights that auditors are probable to be non-idealistic. However, there is also a possibility that the question is unsuccessful in measuring the intended attribute, which can also explain the lack of results.

For the relations found for RAQ acts, only the hypothesis about a positive relation between commercial orientation and engaging in RAQ acts can be found which strengthens the hypothesized relation. This supports the results by Svanberg and Öhman (2015) and Bamber and Iyer (2007) that auditors who are closer to the client engage in more behaviors linked to decreased audit quality. Through the lens of social identity theory, this can indicate that auditors who find the client to be the desirable group to belong to, face a greater risk of engaging in RAQ acts. This provides support for the idea that it is important for auditors to
find the profession or an audit firm with professional ideals to be the desirable group in order to maintain professional ideals. For RAQ acts and professional orientation, no relation can be found. However, since professional orientation contributes to the model, it cannot be ruled out entirely that this has a relation to RAQ acts. This result can be explained through how the concept of “profession” is perceived. While the reference to a client provides the auditor with a clearer picture of what is described, the word “profession” may hold several different meanings. Measuring the identification with the profession could therefore pose an issue. This will be further discussed in section 6.4.

Another result is the correlation between the professional and the commercial orientation. These results provide support for the arguments provided by Carrington et al. (2013), which suggest that professional and commercial logics are co-existent logics, present simultaneously with an auditor. Our results do however suggest that the professional orientation is stronger than the commercial orientation in auditors on average, which is in line with the results by Carrington et al. (2013) which also found a higher mean for professional commitment compared to client commitment. Thus, although they co-exist, the professional orientation is stronger in auditors. Meanwhile, marketing skills display a positive relation to both professional and commercial orientation, but only commercial orientation has a clear relation to RAQ acts. This should be regarded as a warning sign that auditors may not be capable of balancing both interests without it having implications for audit quality, although they can both be present. It also provides support for the results by Svanberg and Öhman (2015) about that client identification is in fact negative for audit quality. Marketing skills could however not be found to have a direct effect on RAQ acts when commercial orientation is included in the model, why it cannot directly be said to affect these acts.

Through an agency perspective (Eisenhardt, 1989), one can claim that the struggle between marketing skills, commercial orientation, and professional orientation can be explained with the auditor as an agent in relation to several principals, the profession, the client, and the audit firm. While the profession as a principal wants professional conduct, a prerequisite for being allowed to be an auditor, the audit firm wants a set of marketing skills to gain clients, without falling out with the profession. Meanwhile, the client could want both the professional services that an auditor is capable of providing, but also commercially contingent services, a good relation to the auditor, or a lower price (Öhman et al., 2012). From an evolutionistic perspective, this could make the auditor capable of balancing these
opposing logics since it is needed to survive both the demands by the profession, and the commercial interests. This point can be strengthened by how an auditor through a social identity theory perspective (Ashforth & Mael, 1989) would like to be able to identify him or herself with successful or strong clients but also an audit profession with a good reputation, why it is necessary to possess both orientations.

Another interesting finding is that auditors are more likely to engage in RAQ acts if they are active at a smaller audit firm. This could indicate that the socialization processes in bigger audit firms are more successful at convincing auditors to act in their interests, which are to maintain good audit quality. These results can be understood through social identity theory (Ashforth and Mael, 1989), since auditors at bigger audit firms could be more likely to identify with their audit firm due to a successfully imprinted picture of the big audit firm as a winning group (Tajfel & Turner, 1986; Ashforth & Mael, 1989; Brown, 2000). Potentially, bigger audit firms have greater resources to put into training and socialization processes such as the ones described by Sellers and Fogarty (2010). Consequentially, from an agency perspective, auditors in these audit firms could be more likely to act as an agent on behalf of the audit firm as a principal due to being intrinsically motivated to do so. This could be an indication that it is important for audit firms to put resources into training of their employees in order to create a sense of belonging to the audit firm, which in turn may be positive for audit quality.

6.3 Contribution

In this subsection, the theoretical and practical contributions of the thesis are presented. The theoretical contributions discuss our contributions to the research field, while the practical contributions discuss implications for the audit profession.

6.3.1 Theoretical contribution

The main theoretical contribution of this thesis is the provision of a link between the attributes adaptability and marketing skills to professional orientation, and a link between the attributes communication skills and marketing skills to commercial orientation. Furthermore, support of the positive relation between commercial orientation (client identification) and RAQ acts is found, which provides theoretical support for the findings by Svanberg and Öhman (2015). Additionally, support is uncovered for the results by Carrington et al.
(2013), indicating that commercial and professional logics are co-existent and that the professional logic in general is stronger in auditors. We also create a model that is able to tie certain attributes as well as commercial orientation to RAQ acts. This enables further understanding of what causes audit failure and engagement in RAQ acts. We also contribute by reaffirming that some of the attributes found by Abdolmohammadi and Shanteau (1992) and Abdolmohammadi et al. (2004) still are considered to be of importance for auditor expertise by auditors themselves.

6.3.2 Practical contribution.
The practical contributions are as follows. First, we find that it is important for audit firms to keep auditors à jour through developing knowledge, since this decreases the likelihood of engagement in RAQ acts. Secondly, we stress the importance for the audit firm to consider the professional interests the main ones, since this transmits to the auditor itself. Third, we contribute to the creation of successful recruitment processes, which can identify through individual attributes the people who are at risk of engaging in RAQ acts. Finally, we provide the insight for audit firms that auditors cannot simply be divided into professional and commercial, but that they can be both. It is important that socialization attempts in audit firms aim at striking a balance between the two orientations, keeping in mind that if the commercial orientation takes the upper hand there might be negative consequences for audit practice, just as found by Svanberg & Öhman (2015).

6.4 Limitations and future research suggestions
Although the sample in this study can be considered to be small, our analysis of the descriptive statistics shows that the collected data provided us with a quite representable data set in terms of gender when compared to other studies as well as statistics over the entire population. There is however a risk that certain auditors or a certain type of auditors are more prone to respond to surveys, which could explain the similarities to earlier research within this field made in Sweden. The low response rate should however also be taken into consideration, since a mere 5.71 % response rate was attained. Any attempt to generalize this study should be interpreted with care due to these circumstances. The study is also limited to the Swedish context, which implies that an attempted generalization of this study can only be claimed to be valid within the Swedish context.
Furthermore, this study is limited to regarding only client identification as commercial orientation. It is possible that adapting to and identifying with another group such as the audit firm could explain the effect that commercialization has on audit practice. Furthermore, we argue that there are more groups to identify with for an auditor that could potentially explain the variance in RAQ acts with auditors. This statement is based on the fact that our model only manages to explain 12.7% of the change in RAQ acts. Furthermore, we argue that the measure for professional orientation might benefit from finding another more concrete entity to identify with in order to properly get a picture of what actors are drivers for RAQ acts in auditors. Our suggestion is that the profession can in future attempts be measured through identifying with other auditors at a collegial level, extending beyond audit firm borders. Including organizational identification or commitment, such as the one researched by Broberg et al. (2018) and Suddaby et al. (2009), could potentially also improve future explanation attempts. We would also like to suggest future research of a qualitative kind that tries to identify the nature of the influence on social identity that is being exerted over auditors, in order to identify potential social groups that affect RAQ acts in auditors.

Albeit this thesis is successful in identifying some attributes that have a relation to professional and commercial orientation, the degree to which these attributes were successful in explaining the change was rather small. We would therefore like to suggest future research that not only focuses on attributes related to expertise such as the ones analyzed in this study, to find more attributes that affect these orientations.

We would also like to stress that one question for RAQ acts stands out quite remarkably. This question was the one related to superficial review of client documents (R2), to which we added an explanation in Swedish. We would like to criticize the choice we made to add a translation to this question in Swedish, since we reason that it could have made the respondents understand it differently compared to the other questions in the questionnaire. We therefore suggest that further use of this questionnaire do not add such a translation to this question. We reason that although language issues may arise due to translation of the survey instrument, having a fully translated instrument could be beneficial for the understanding of the questions and potentially increase the response rate. However, this might make the instrument lose some nuances that were included in the original version, why the Cronbach’s alpha value needs to be evaluated carefully if such changes are made.
A further suggestion for future research is to include more personnel from audit firms, for example audit assistants, and see how they may change over time with experience. Another suggestion is to add personnel from audit firms such as consultants and compare to people working in auditing, to see if there are any differences present between these groups. A longitudinal study could also be conducted, comparing the development of these groups in order to identify differences and similarities in development that can or cannot be attributed to the audit firm itself.
References


Appendix 1 – Questionnaire

General questions

G1. In what year were you born?
G2. Are you male or female?
G3. For how many years have you been working as an auditor?
G4. Which firm do you currently work for?

Professional orientation

Please select to which extent you agree or disagree with the following statements (1=Strongly disagree, 4=Neutral, 7=Strongly agree)

P1. When someone criticizes my profession, it feels like a personal insult
P2. I am very interested in what others think about my profession
P3. When I talk about my profession, I usually say “we” rather than “they”
P4. The successes of the profession are my successes
P5. When someone praises my profession, it feels like a personal compliment

Commercial orientation

Please select to which extent you agree or disagree with the following statements (1=Strongly disagree, 4=Neutral, 7=Strongly agree)

C1. When someone criticizes my client, it feels like a personal insult
C2. I am very interested in what others think about my client
C3. When I talk about my client, I usually say “we” rather than “they”
C4. The successes of my client are my successes
C5. When someone praises my client, it feels like a personal compliment

Attributes

In order to be regarded in a positive manner by colleagues as an auditor, it is important to… (1=Very unimportant, 4=Neutral, 7=Very important)

A1 Have an extensive knowledge base. Make a special effort to keep up with facts, trends, and developments
A2 Adjust decision-making strategy to fit current situation. Be responsive to changes in
conditions of the on-going problem situation.
A3 Have a marketing focus and focus on selling relevant services to potential and current clients.
A4 Be good at communicating with colleagues as well as clients both orally and in written text.
A5 Know when to follow established decision strategies and when not to and to not only have one way to solve problems.

**RAQ**

During the past year, how often have you acted in the following manner when carrying out an audit? (1=Never, 2=Very rarely, 3=Rarely, 4=Sometimes, 5=Often, 6=Very often, 7=Nearly always)
R1 Accepted weak client explanations
R2 Made superficial (översiktlig) reviews of client documents
R3 Failed to research an accounting principle
R4 Reduced the amount of work performed on an audit step below what you consider reasonable
R5 Signed off an audit-program step without completing the work or noting the omission
Appendix 2 – Accompanying letter

Title: Auditing students in need of your help!

Hi,

Our names are Melissa and Kristina and we are currently writing a master thesis on auditor attributes and audit practice at Högskolan Kristianstad. Our study tries to find a link between attributes that auditors perceive to be important and the consequences for audit practice. We reason that this could be important for auditor recruitment processes in the future and for the development of auditor competence within audit firms.

As a part of this process, we would highly value your responses to a survey. It will take approximately 5 minutes for you to fill out. The survey is completely anonymous and we have no way of tracing your responses back to you. The replies to the survey will be processed through statistical analysis, why no individual answers will be identifiable. The replies will only be used to answer the purpose of our study. If you wish to participate, which we hope you do, please click the link below to get to the survey.

(LINK)

The thesis will be published on the university website after being approved by our examiner. If you are interested in the results or have any questions or comments on our study, do not hesitate to contact us. We would be happy to send you a copy of the thesis after its completion.

Thank you for your participation, it is highly appreciated!

Best regards,

Melissa Veerman and Kristina Lindstedt

Future MSc in Business Administration specializing in Auditing and Control
Högskolan Kristianstad
Appendix 3 – Reminder letter

Title: Reminder: Auditing students in need of your help!

Hi,

A couple of days ago you received an inquiry to participate in a survey regarding the importance of auditor attributes and the implications for audit practice. If you have already filled in the survey, please disregard this letter. If you haven’t answered the survey yet, we would highly appreciate your responses.

Our thesis tries to find a link between attributes that auditors perceive to be important and the consequences for audit practice. We reason that this could be important for auditor recruitment processes in the future and for the development of auditor competence within audit firms.

It will take you approximately 5 minutes to fill out the survey. The survey is completely anonymous and we have no way of tracing your responses back to you. The replies to the survey will be processed through statistical analysis, why no individual answers will be identifiable. The replies will only be used to answer the purpose of our study. If you wish to participate, which we hope you do, please click the link below to get to the survey.

(LINK)

The thesis will be published on the university website after being approved by our examiner. If you are interested in the results or have any questions or comments on our study, do not hesitate to contact us. We would be happy to send you a copy of the thesis after its completion.

Thank you for your participation, it is highly appreciated!

Best regards,
Melissa Veerman and Kristina Lindstedt
Future MSc in Business Administration specializing in Auditing and Control
Högskolan Kristianstad
Appendix 4 – Second reminder letter

Title: Reminder: Auditing students in need of your help!

Hi,

A couple of days ago you received an inquiry to participate in a survey regarding the importance of auditor attributes and the implications for audit practice. If you have already filled in the survey, please disregard this letter. We still need more answers in order to complete our master thesis. If you haven’t answered the survey yet, we would highly appreciate your responses.

Our thesis tries to find a link between attributes that auditors perceive to be important and the consequences for audit practice. We reason that this could be important for auditor recruitment processes in the future and for the development of auditor competence within audit firms.

It will take you approximately 5 minutes to fill out the survey. The survey is completely anonymous and we have no way of tracing your responses back to you. The replies to the survey will be processed through statistical analysis, why no individual answers will be identifiable. The replies will only be used to answer the purpose of our study. If you wish to participate, which we hope you do, please click the link below to get to the survey.

(LINK)

The thesis will be published on the university website after being approved by our examiner. If you are interested in the results or have any questions or comments on our study, do not hesitate to contact us. We would be happy to send you a copy of the thesis after its completion.

Thank you for your participation, it is highly appreciated!

Best regards,

Melissa Veerman and Kristina Lindstedt
Future MSc in Business Administration specializing in Auditing and Control
Högskolan Kristianstad
Appendix 5 – Factor analysis

**Rotated Component Matrix**

<table>
<thead>
<tr>
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<th>1</th>
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<th>3</th>
<th>4</th>
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<td></td>
</tr>
<tr>
<td>R2</td>
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<td></td>
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<tr>
<td>R5</td>
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<td>.749</td>
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<td></td>
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<tr>
<td>P1</td>
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<tr>
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</tr>
<tr>
<td>P3</td>
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<td></td>
<td>.694</td>
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<tr>
<td>P4</td>
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</tr>
<tr>
<td>C1</td>
<td></td>
<td>.716</td>
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<td></td>
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<tr>
<td>C2</td>
<td></td>
<td>.689</td>
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<td>C5</td>
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<td>A1: Knowledge</td>
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<tr>
<td>A2: Adaptability</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A3: Marketing skills</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>A4: Communication skills</td>
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<tr>
<td>A5: Making exceptions</td>
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Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.
## Appendix 6 – Multiple regression models

### Professional orientation

<table>
<thead>
<tr>
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<th>Standardized B-coefficient</th>
<th>Standard error</th>
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<td>Gender</td>
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Level of significance: **<.01, *<.05, +< .10

Adj. R² = .072
VIF value, highest = 2.619
F-value = 2.228
N=128

### Commercial orientation

<table>
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<th>Standardized B-coefficient</th>
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<tr>
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<td>.157</td>
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<td>Making exceptions</td>
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Level of significance: **<.01, *<.05, +< .10

Adj. R² = .049
VIF value, highest = 2.619
F-value = 1.810
N=128
<table>
<thead>
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<th>Standardized B-coefficient</th>
<th>Standard error</th>
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<td>Commercial orientation</td>
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<td>Age</td>
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<tr>
<td>Small firm-dummy</td>
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<tr>
<td>Knowledge</td>
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<tr>
<td>Adaptability</td>
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<tr>
<td>Making exceptions</td>
<td>.053</td>
<td>.086</td>
</tr>
</tbody>
</table>

Level of significance: **<.01, *<.05, + < .10

Sig: .013

Adj. R² = .099

VIF value, highest = 2.692

F-value = 2.391

N=128