

## Accumulated Gender-Diverse Co-signing Experience, Knowledge Sharing, and Audit Quality

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**Abstract :** Survey evidence provides support that auditors can gain professional knowledge not only from client firms but also from teammates they work with. Furthermore, given that knowledge is accumulated in nature, along with the reality that auditors today must work in an environment of increased diversity, whether the attributes of teammates will influence the effects of knowledge sharing and accumulation and ultimately influence an audit partner's audit quality should be interesting research issues. We test whether the gender of co-signers will moderate the effect of a lead partner's cooperative experiences on financial restatements. Furthermore, if the answer is "yes", we further investigate the underlying reasons. We use data from Taiwan because, according to Taiwan's law, engagement partners, who are basically two certificate public accountants from the same audit firm, are required to disclose (i.e., sign) their names in the audit report of public companies since 1983. Therefore, we can trace each engagement partner's historic direct cooperative (co-signing) records and get large-sample data. We find that the benefits of knowledge sharing manifest primarily via co-signing audit reports with audit partners of different gender from the lead engagement partners, supporting the argument that in an audit setting, accumulated gender-diverse working relationship is positively associated with knowledge sharing, and therefore improve lead engagements' audit quality. This study contributes to the extant literature in the following ways. First, we provide evidence that in the auditing setting, the experiences accumulated from cooperating with teammates of a different gender from the lead partner can improve audit quality. Given that most studies find evidence of negative effects of surface-level diversity on team performance, the results of this study support the prior literature that the association between diversity and knowledge sharing actually hinges on the context (e.g., organizational culture, task complexity) and "bridge" (a pre-existing commonality among team members that can smooth the process of diversity toward favorable results) among diversity team members. Second, this study also provides practical insights with respect to the audit firms' policy of knowledge sharing and deployment of engagement partners. For example, for audit firms that appreciate the merits of knowledge sharing, the deployment of auditors of different gender within an audit team can help auditors accumulate audit-related knowledge, which will further benefit the future performance of those audit firms. Moreover, nowadays, client firms also attach importance to the diversity of their engagement partners. As their policy goals, lawmakers and regulators also continue to promote a gender-diverse working environment. The findings of this study indicate that for audit firms, gender diversity will not be just a means to cater to those groups. Third, for audit committees or other stakeholders, they can evaluate the quality of existing (or potential) lead partners by tracking their co-signing experiences, especially whether they have gender-diverse co-signing experiences.

**Keywords :** co-signing experiences, audit quality, knowledge sharing, gender diversity

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