

## Exploration of Professional Skepticism among Entry-level Auditors in China from Psychological and Cultural Perspectives

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**Abstract :** Professional skepticism remains one of the most important and controversial topics in auditing. This study examines the influence of client cooperativeness and fraud risk on judgments of professional skepticism among Chinese entry-level auditors in the context of evaluation of client-provided audit evidence. Given that the essence of auditors' PS rests on distrust of clients, this study invokes trust-related theories from psychological and cultural perspectives. Specifically, invoking psychology theories of trust concerning positive relationship between risk and distrust, this study hypothesizes that professional skepticism is likely to be positively associated with client fraud risk. The results support the hypothesis and show that lower (higher) levels of client fraud risk lead to lower (higher) levels of professional skepticism. Furthermore, drawing on analysis of relationship between cooperation and trust, with particular reference to guanxi dynamics in the Chinese culture, this study hypothesizes that professional skepticism is likely to be negatively associated with client cooperativeness. The results support the hypothesis and show that higher (lower) levels of client cooperativeness lead to lower (higher) levels of professional skepticism. The findings may assist audit firms and auditing educators in improving training and education programs and enhancing entry-level auditors' abilities to maintain professional skepticism. Also, practitioners and regulators may benefit from increasing awareness of psychological factors in influencing professional skepticism.

**Keywords :** audit judgment, Chinese culture, entry-level auditor, professional skepticism

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