



## RESEARCH POSITIONS IN AUDITING

In a joint initiative, FSR – Danish Auditors and the Department of Accounting at CBS seek to develop strong and relevant research in auditing. Applicants for PhD positions are now invited. Candidates are expected to create new knowledge within auditing and to work closely with the auditing profession and research environments.

# CONTENT

<b>1. BECOME A KEY MEMBER OF A DEDICATED RESEARCH TEAM.....</b>	<b>2</b>
1.1. Tasks .....	2
1.2. Personal qualifications .....	2
1.3. Research team .....	2
1.4. Contact .....	2
<b>2. RESEARCH OPPORTUNITIES .....</b>	<b>3</b>
2.1. The value of audit .....	3
2.2. Developments in auditing.....	3
2.2.1. Emerging technologies in auditing.....	3
2.2.2. New assurance services .....	4
2.3. The context of auditing.....	4
2.3.1. Attraction and retention of talented people in the audit profession .....	4
2.3.2. Regulator-auditor interactions .....	5
2.3.3. Client-auditor interactions.....	5
2.3.4. Auditing in the context of audit firm organization and governance .....	5

# 1. BECOME A KEY MEMBER OF A DEDICATED RESEARCH TEAM

## 1.1. TASKS

Over a period of three years as a PhD researcher, you will:

- Work with your own research field
- Discuss and collaborate with colleagues in the research team, other researchers at the Department of Accounting, and researchers from international research environments
- Engage with the audit profession and its stakeholders
- Write research articles
- Teach and supervise students
- Disseminate your research to audit practitioners in such a way that both your research and the profession can make a difference

You will drive the development of a research field. We seek to establish an advisory group for your project consisting of researchers and practitioners with whom you can discuss and share knowledge throughout the three years. Furthermore, your research is developed further as you draw on feedback and comments at research seminars, conferences, and PhD courses, as well as from your future colleagues.

FSR – Danish Auditors and the Department of Accounting at CBS have identified a number of research opportunities as inspiration. These are described in the following pages.

## 1.2. PERSONAL QUALIFICATIONS

Candidates for the PhD positions must:

- Be enthusiastic and keen to leave their mark on contemporary issues of relevance to the audit profession
- Be constantly curious and dedicated to knowledge-creation
- Have strong writing skills

And be capable of:

- Working independently, systematically, and creatively
- Receiving critique of own work and incorporating the critique
- Being self-critical and have the ability to continually develop and improve the research project on their own
- Disseminating results to a wider audience

- Conducting empirical work and work with theories to develop research at an international level
- Being motivated for making a difference for research and for practitioners, the profession and society.

In addition, candidates should have a relevant master's degree with good results. An MSc in Business Administration and Auditing would be an obvious master's degree, and a couple of years' work experience would be an added advantage. However, this does not apply in all cases, as some research fields can be developed by candidates with other backgrounds and by recently graduated master's degree holders.

Read more about the PhD course here:

[PhD | CBS – Copenhagen Business School.](#)

## 1.3. RESEARCH TEAM

The PhD researcher will be a part of a research group. A donation from FSR – Danish Auditors makes it possible to establish a research group consisting of the following positions:

- Professorship
- Associate professor / assistant professor
- Three PhD positions
- Student assistants

The core of the research organisation is a professor, a newly employed associate professor or assistant professor, and at least three newly employed PhD researchers. The group is to focus on audit research and at the same time be orientated towards the MSc in Business and Auditing programme. Furthermore, collaboration is expected with other researchers in specific research projects. The group forms part of the Department of Accounting. The department's environment is international, and there are 65 permanently employed researchers and teachers within auditing, financial accounting, management accounting, and corporate governance.

## 1.4. CONTACT

Interested candidates are encouraged to contact FSR Endowed Professor Thomas Riise Johansen, [trj.acc@cbs.dk](mailto:trj.acc@cbs.dk), for further information and to schedule an informal talk about the positions.

## 2. RESEARCH OPPORTUNITIES



Photo: Bjarke MacCarthy

The value of audit and other assurance services is a key research field. In addition, there are significant research opportunities related to the development of audit methods or new assurance services as well as for studying how audit, audit firms and the audit profession interact with clients, authorities and society.

In the following sections, research opportunities are described in further detail.

### 2.1. THE VALUE OF AUDIT

The *raison d'être* for auditing is that it makes a difference and is useful in society. However, discussions about, for instance, the future of audit, auditor reporting, and audit exemption are often characterised by a limited understanding of what creates value, what difference auditing makes, and why this takes place, as well as the conditions related to this. In other words, it is not only a question of demonstrating whether auditing or other assurance services are of value. It is important to develop further *understanding* of the value of audit.

Research questions in this field could be:

- What difference do auditors' services make? This includes focus on investigating the impact of audit, or other statements, on the auditee's organisation and accounts. This could be, for instance, corrected accounting errors, discussions about accounting treatment, proper accounting systems, internal control recommendations, or other internal processes.
- Which aspects and elements of auditors' services are perceived as valuable, and which are not (for instance correction of accounting errors, recommendations, discussions, data analytics etc.)? Why are these considered valuable and why

not? This specific understanding (at micro level) is important for a discussion of the value of audit at society level (i.e., at macro level).

- How are auditors' services experienced and used by accounting users, boards of directors and/or the day-to-day management / finance function?
- Are stakeholders' value perceptions in alignment with the matters that take up time in the audit process, cf. requirements from authorities and standard-setters? In other words, is the service aligned with the needs of the parties who are affected directly, and not only with the needs of authorities and standard makers?

The issues are interesting in relation to both the services that are supplied to PIEs, and the services that are used by SMEs. Although approaches to the studies are likely to vary depending on the segment, the objective is to consider the auditor's role in both the PIE and the SME segments.

### 2.2. DEVELOPMENTS IN AUDITING

#### 2.2.1. Emerging technologies in auditing

Currently, significant attention is directed to the use of technologies in the audit process. This has recently been highlighted as a development that radically change the way in which audits are conducted. It includes developments within data analytics, artificial intelligence and machine learning, and blockchain. There is a need for research in this technological space, which examines use-cases, complexity and challenges. The ambition must be to critically reflect on current practices and to understand how, why and when technologies augment the audit process.

From a research perspective, it is interesting to investigate whether and how auditing actually becomes both more effective and more efficient through automated processes and the application of technology. From this perspective, it is about finding new ways to raise the level of comfort and quality of evidence (effective), but also about finding ways to conduct the audit faster and using fewer resources than before (efficient). Research in this area might provide a critical look on the application of these technologies and, for instance, seek further understanding of the validity and substance of rhetoric and claims about current developments in audit approaches.



### 2.2.2. New assurance services

Climate-related risks and sustainability increasingly have financial implications and are considered to influence both the front-end and the back-end of annual reports, including recognition and measuring as well as information included in notes. These implications are complex and may include estimates based on detailed analyses of scenarios. How does the auditor relate to this? How does the auditor provide assurance on climate-related risk and sustainability, and how does he/she collaborate with experts in this regard?

Furthermore, increasing attention is given to non-financial information in the front-end of the annual report and in stand-alone reports, such as CSR-reports, climate reports and sustainability reports. Carbon emissions, in particular, have been subject to increased attention. It is important to be able to rely on calculation and information about emissions and other non-financial information. This is however, no simple exercise as there is a lack of unambiguous and adequate standards in this field, just as companies' own systems for data capture, registration, controlling, and reporting have yet to be developed to a level that matches financial reporting. This raises challenges for assurance services on emissions and related non-financial information and provides significant research opportunities.

For example, an area of great measurement uncertainty include emissions in the companies' value chain ('scope 3'), and therefore entails data and estimates beyond the company's control. What are the possibilities of assurance on scope 3 emissions, and how/when does assurance services create value?

## 2.3. THE CONTEXT OF AUDITING

Auditing and other assurance services are neither conducted nor developed in a vacuum; they are influenced by the context in which they function. Four contextual arenas stand out as relevant for the current research programme.

### 2.3.1. Attraction and retention of talented people in the audit profession

Attracting and retaining talented people in the audit profession is an urgent challenge. This is particularly due to the following interrelated conditions: (1) A significant part of the Danish auditing profession will soon retire, and it has proved difficult to ensure a

sufficient influx of new, competent auditors. (2) Is working in an audit firm as desirable to young talents as it used to be? Are audit firms able to recruit the most talented people? And (3) The staff turnover in audit firms is high. Do talented people disappear too quickly from audit firms?

These areas of concern may be the point of departure for several studies. Such studies can focus on the Danish audit profession, but comparisons with other countries would also be relevant. One important aspect of this research is to identify differences that can help explaining why talented people are or are not attracted by audit firms and retained. Such differences can be dealt with at the country level (the institutional/regulative frameworks may vary), company level (auditing firms may have different approaches to talent work), and department/team level (leaders and cultures internally in audit firms may vary).



These issues can be studied in relation to auditors at different stages (before, during and after employment in audit firms). For example:

- Which talents are recruited? Which talents are retained? Which talents leave the industry?
- What are the reasons behind recruitment, retention and disappearance of talented people?
- Are specific talents, such as certain personalities, retained while talents representing other personalities are leaving? Does talent diversity diminish from the 'entry' towards the 'exit' from the audit profession?

- To what extent does culture / context of auditing play a part? What is the relative significance of:
  - Leadership and role models
  - Tasks
  - Culture/expectations in relation to the completion of tasks
  - Hard values, such as pay, benefits and working hours
  - Regulatory environment (internal and external)
- Which talents are disappointed after employment? What is the disappointment about?
- Which environments are successful in terms of retention, and why? Which are not?

Studies responding to these research opportunities must contribute to the debate about how to attract and retain talented people in the audit profession. Ultimately, it is about securing sufficient quality and quantity in the population of auditors.

The diversity theme has both a quality dimension (securing different personalities/competencies in the profession) and a quantity dimension (increasing diversity in the profession increases the number of talents in the profession).

### 2.3.2. Regulator-auditor interactions

It is evident that regulators have intensified the oversight over auditors and audit firms, especially over the latest decade. The links between auditing, the perceived value of auditing, and regulators' quality expectations are particularly interesting from a research perspective and further provide context for the other research opportunities outlined in this document.



It has been noted that audit quality is understood differently between regulators, auditors, clients and users. Furthermore, previous research has suggested that regulator-audit firm interactions produce defensive behaviour, box-ticking approaches and symbolic, rather than substantive, audit performance. Research might address these problems from different angles, including (but not limited to) the role of firm-level oversight practices, experiments and experiences with trust-building initiatives (such as dialogue) as well as the role of ad hoc regulatory investigations alongside routine quality inspections.

### 2.3.3. Client-auditor interactions

For the PIE segment, the development in EU regulation has been characterised by considerable confidence in the governance role of audit committees. This was demonstrated, for example, when the proposal for EU regulation was watered down after being debated in the EU Parliament and in the EU Council. The relatively tough regulation in the original draft was softened up, while in turn, the audit committees were given more responsibility and duties. The audit committee and the interactions with the audit function represent several research opportunities. In this regard, there is especially a need for qualitative studies, such as case studies, in order to advance understanding of how interactions between audit committees and auditors operate and when such interactions produce desirable effects and when they might have unintended consequences.

### 2.3.4. Auditing in the context of audit firm organization and governance

Auditing services used to be conducted, managed, and controlled by individual auditors – just as the responsibility (disciplinary and in terms of liability) was placed on the individual auditor in case of misconduct.

Audit firms play a greater role today. Conducting an audit is now shaped by risk management and quality practices in the audit firm. These include audit manuals, systems, professional consultations, peer reviews, internal quality control, internal regulations, influence from the international network, and, not least, the 'tone at the top' (leadership).

Internationally, growing attention is directed at how systems at the audit firm level can influence the quality of audits at the engagement level. This attention is seen in audit firm governance discussions (and regulation about that), discussions on audit firm culture, audit firm incentive systems and in debate on whether regulatory inspection should rely (and actually whether they do so) on firm-level internal control systems in audit firms. There are innovation in this arena. Regulators have launched radical initiatives within audit firm governance and audit firms are working intensively with risk management and quality management. However, limited research has sought to study these development in depth and there is particularly a need for qualitative research in this arena.