THE IMPOSSIBLE AUDITING CONSTRUCTION

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Abstract:

There are indications that the auditing function is not fulfilling its obligations to protect investors. This has been made particularly evident in different “business scandals” recently. In this article, we discuss the thought patterns behind auditing practices “in the field” and the embeddedness character of these practices. 82 respondents representing different categories of auditors were interviewed using the repertory grid technique and open open-ended interview questions.

According to the findings, there are no major differences between different categories of auditors. Therefore, a mean grid can be said to give a fair representation of the respondents thought patterns as a whole. A principal component analysis of the mean grid points to two fundamental dimensions in the thought patterns behind auditing practices, and that there is an evident gap between what the auditors think is important to the investors and what they spend auditing time and efforts on - and that they master well. In spite of this there is no major inclination to change auditing practices. The auditors perceive their position to be quite exposed, and they appear to be more concerned with their own interest than that of the investors.

In the concluding discussion, it is argued that auditing practices “in the field” are embedded in a larger construction. The relations between single auditors, auditing firms and the professional auditing body are crucial to the auditing function in practice. The exposed position of the single auditor makes “self-focusing” logical in contrast to the focus on investor interests.