

Dysfunctional audit behaviour, pressure exerted, and professional judgment: qualitative research

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Abstract— This research is grounded in three fundamental concepts: dysfunctional audit behaviour, pressures exerted, and auditor professional judgment. Focusing on the Tunisian audit context, an exploratory study is conducted to understand the environment of Tunisian auditors, as well as their behaviour during their audit assignments. This exploratory study draws on data collected through 30 semi-structured interviews with certified public accountants who are members of the OECT (*Tunisian Institute of Certified Public Accountants*).

Keywords— *Dysfunctional audit behaviour, auditor behaviour, Pressures exerted, Auditor professional judgement, Emotions.*

I. INTRODUCTION

Audit research has tried to explain the institutional, organisational, and individual factors that contribute to audit quality (e.g., [1], [2]). In fact, auditing is of fundamental social importance because it builds the trust necessary for investors and creditors to willingly invest in and lend money to business, which is essential for the development of financial markets and economic growth [2]. In this context, financial information audited by an independent auditor provides assurance to investors and various stakeholders. The exercise of professional audit judgment is a key issue for independent auditors, both within the accounting process and in a rapidly changing world [3]. Nevertheless, the auditor's professional judgment is inextricably linked to the financial scandals that have rocked the business world and financial markets. Financial scandals represent one of the most significant and persistent socio-economic problems in the business world [4]. Nowadays, the impact of these scandals on the reliability of financial information is significant [5]. Despite efforts by standard-setters to improve accounting and auditing standards, as well as regulatory frameworks, rules of professional conduct and ethics, a series of scandals continues to erupt, ranging from the Enron, Parmalat, and WorldCom cases in the early 2000s to the recent Wirecard and Tingo scandals involving Deloitte [4]. For example, Enron, WorldCom, and Global Crossing have highlighted the considerable damage caused by particularly egregious misconduct [6]. After each scandal, investors suffer enormous losses, thereby undermining the credibility of audited financial information and, consequently, the reputation of auditors and the profession [7]. Furthermore, these scandals have called the auditors' integrity into question and have negatively affected their performance, independence, and the audit quality and credibility. Consequently, a line of research has focused on studying auditors' behaviour, and especially dysfunctional audit behaviour [8]. This research study seeks to investigate the relationships between the auditor's professional judgment, their dysfunctional behaviour, and the pressures exerted. We seek to examine, on the one hand, the effect of pressures exerted on the auditors on their dysfunctional behaviour and, on the other hand, the impact of the auditor's dysfunctional behaviour on their professional judgment. Furthermore, this research examines the effect of emotions on the relationship between the auditors' dysfunctional behaviour and their judgment. To this end, an exploratory study is conducted to understand the business environment of Tunisian auditors, as well as their behaviour during the audit engagement.

This exploratory study was conducted through 30 semi-structured interviews with certified public accountants who are members of the OECT (Order of Tunisian Certified Public Accountants). This leads us to an interpretive approach. The results showed that pressures affect the behaviour of Tunisian auditors, and this behaviour, in turn, affects auditor judgment. Furthermore, emotion management is widely perceived as an essential skill.

This paper is organised as follows: section 2 presents the literature review, section 3 describes the methodology, section 4 presents and analyses the results and section 5 concludes the paper.

II. LITERATURE REVIEW

A. *Dysfunctional Audit Behaviour and Pressures Exerted*

The audit of financial statements is carried out by a competent and independent auditor. However, despite their competence and independence, auditors can be subject to pressure. Pressure can lead an auditor to engage in functional or dysfunctional actions [9]. Functional actions are those that enable the auditors to work more effectively and make the best use of their time. The dysfunctional behaviour risks compromising the audit quality.

Dysfunctional audit behaviour refers to any act by an auditor that negatively affects audit quality [10]. Reference [11] identified factors which are specific to the behaviours of auditors at different levels under budget-time pressure. The results highlight the factors that, according to auditors, are embedded in the context of auditing profession and lead to dysfunctional behaviour. Especially, according to the empirical results, auditors engage in dysfunctional behaviours knowingly, rather than unintentionally. It is evident that auditors facing budget and deadline constraints tend to work extensively during their free time.

Reference [12] examined the effect of information technology and pressures such as time budget pressure and task complexity pressure on auditors' dysfunctional behaviour. The results indicate that the different pressures have an impact on the auditor's dysfunctional behaviour. These findings demonstrate that job-related stress accounts for the conditions under which stress (stressors) affects an individual's psychology, physiology, and behaviour (tensions) and produces certain outcomes (effects). Overall, various workplace stressors can influence an auditor's behavior positively or negatively. In fact, pressure is a factor that can have both positive and negative effects on individual behaviour. Pressure can cause individuals to behave in a dysfunctional manner or motivate them to perform at their best, even if their work requires a great deal of energy and ingenuity to solve problems. An increase in dysfunctional behaviours in auditing can reduce the auditor's ability to identify material misstatements in financial statements.

B. *Dysfunctional Audit Behaviour and Professional Audit Judgement*

Previous research has shown that dysfunctional audit behaviour can influence an auditor's professional judgment. This relationship between auditor dysfunctional behaviour and professional judgment in auditing has been the subject of several earlier studies in the field of psychology. According to Reference [13], social cognitive theory helps us understand, predict, and modify human behaviour. This theory is grounded in social and cognitive processes and is essential for understanding motivation, emotions, and consequently, decisions and actions. This demonstrates that human behaviour is linked to the outcomes of one's work [14]. Furthermore, Reference [13] explained that social processes—when humans actively and dynamically interact to obtain various types of information—and cognitive processes can explain how humans, as dynamic individuals, perceive, remember, learn, and process information [14]. Based on social cognitive theory, we can conclude that a high-quality of audit judgment is the result of the auditor's behaviour. It is the outcome of the auditor's social and cognitive processes. In this context, the more motivated and experienced the auditor is, the higher the quality of the audit result and vice versa. The more rushed or dissatisfied the auditor is, the more likely they are to engage in dysfunctional audit behaviour, and the lower the quality of their audit judgment will be. In this context, Reference [1] shows that auditors are more likely to accept a client's preferred accounting method when they anticipate few consequences from this decision, believe they can

easily justify it, and perceive that it is supported by colleagues, shareholders, and creditors. More specifically, an auditor may accept an accounting treatment preferred by their client and allow it to influence their professional judgment if it helps maintain a good relationship with the client. Furthermore, Reference [14] demonstrated that knowledge has a significant positive effect on audit judgment. This suggests that accounting firms, as well as auditors, should expand their knowledge in order to be able to make better professional judgments in auditing.

III. METHODOLOGY

An exploratory field study is conducted to understand the environment of Tunisian auditors, as well as their behaviour during the audit engagement. This exploratory study was conducted using 30 interviews with certified public accountants who are members of the OECT. This leads us to adopt an interpretive approach. In this context, a qualitative (inductive) approach is adopted. We first developed an interview guide based on a review of the literature. This interview aimed to enhance understanding of statutory auditing practices in Tunisia. Specifically, the objective is to identify and understand the behaviour of Tunisian auditors in the context of a statutory audit engagement, the factors that may influence this behaviour, and the consequences of such behaviour. Manual transcription was carried out as the interviews were collected and organised. To facilitate the processing of the data collected through interviews and to establish the basic concepts of this research, a manual content analysis was conducted to clarify the core themes of this study. In particular, a summary sheet was prepared for each participant. After compiling the interview summaries and completing the initial coding, a second round of coding is conducted three months later. We found that the similarity rate exceeded 90%, demonstrating the reliability of the coding.

IV. RESULT AND DISCUSSION

A. *Dysfunctional Audit Behaviour and Pressures Exerted*

Our manual analysis revealed that the dysfunctional audit behaviour, during an audit engagement, is affected by various pressures. Among these pressures, participants cited time constraints, client pressure, and hierarchical pressure related to the complexity of tasks. These three pressures were the most frequently cited by participants. First, participants emphasised that time constraints act as a trigger for the auditor's behaviour, whether that behaviour is collaborative or dysfunctional. Regarding client pressure, a group of participants noted that the client's behaviour often influences that of the auditor. And regarding hierarchical pressure linked to the complexity of tasks, several participants noted the extent to which hierarchical pressure affects their work and can result in an increased workload, heightened stress, or a more rigid approach to meeting their supervisor's expectations—and consequently, the adoption of dysfunctional behaviour during an audit engagement.

B. *Dysfunctional Audit Behaviour and Professional Audit Judgement*

An analysis of the interview content regarding professional judgment and the auditor's dysfunctional behaviour highlights a close relationship between the auditor's behaviour and the professional judgment. Indeed, the auditors argue that discussion and information sharing are essential for making a good professional judgment at any level. Several participants note that their behaviour, particularly in the context of team communication, fosters a more informed and shared judgment. Discussions with the engagement leader, exchanges within the group, or feedback sessions appear to be essential tools for refining the analysis and reducing the risk of errors in interpreting audit evidence. Furthermore, for most participants, auditing represents a sort of assembly-line work aimed at achieving a better budget-to-time ratio. In contrast, discussion fosters the sharing of experiences. Consequently, fluid communication within the team helps improve professional judgment. Indeed, the auditor's behaviour serves as a vehicle for expressing professional judgment. Furthermore, the behaviour of an auditor working under pressure affects the way they exercise their judgment. Some participants explained that stress, conflicts, or a tense atmosphere cause them to adopt a more rigid or defensive attitude, resulting in an overly controlling or excessively cautious approach.

C. Dysfunctional Audit Behaviour and Professional Audit Judgement: Effects of Emotions

An analysis of the interview content regarding the effect of emotions on the auditor's behaviour and professional judgment shows that the exercise of professional judgment is inseparable from the auditor's behaviour and the emotions they experience. Some participants argue that emotions shape behaviour, which in turn facilitates or hinders the quality of professional judgment. This demonstrates that professional judgment is a social and emotional process, as well as a technical one. Positive emotions lead to caring behaviours and foster communication and collaboration among team members, resulting in more reasonable and well-reasoned judgment.

V. CONCLUSION

This paper presents the results of a qualitative study based on interviews. Focusing on the Tunisian audit context, an exploratory study is conducted to understand the Tunisian auditors' environment, as well as their behaviour during the audit process. The data were collected through semi-structured, face-to-face interviews, allowing for direct interaction with participants. The results suggest that pressures affect the behaviour of Tunisian auditors, thereby affecting their professional judgment. Among these pressures, participants cited time pressure, client pressure, and hierarchical pressure related to the complexity of tasks. In addition, emotion management is regarded as an essential skill. This shows that professional judgment is a social and emotional process as well as a technical one. This study provides insight into how external auditors make decisions and, consequently, into the basis for their audit judgment. This qualitative study enables us to understand the external auditor's decision and, consequently, the foundations of their professional judgment. The main limitation of qualitative research is that the results cannot be generalised. Quantitative research analysing a representative sample of Tunisian auditors can allow us the generalization of the results and strengthens the study's external validity. Future research analysing the effect of other pressures may be the subject of future studies.

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