Effects of National Culture on Audit Planning in Groups

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Abstract

This study examines the effects of a national culture dimension, individualism/collectivism on perceptions of information and group decision making in an audit planning task. Using Hofstede’s (1980, 1991) theory of national culture and Hogarth & Einhorn’s (1992) model of belief adjustment, we predict that, the absolute belief revisions of collectivist-culture (individualist-culture) auditors are greater (smaller) when additional information is relatively unfavourable rather than relatively favourable. Further, the absolute belief revisions of collectivist-culture auditors are greater (smaller) than those from an individualist-culture when additional information is relatively unfavourable (favourable). The results of our experiment support these predictions.

Key words: Belief revision, individualism/collectivism, audit risk assessment, estimation task. Data availability: Contact the first author.
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