

Experience, Machiavellianism, Decision Aid Use and Going Concern Assessment: An Empirical Study

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SUMMARY

Research on the effect of experience on auditor judgment and decision-making has found results generally consistent with positive experience-related effects on auditor judgment performance. Despite this, audit firms have been known to fail in the performance of their attestation function, with much ensuing public disaffection. This study investigates the effect of experience, Machiavellianism, and decision aid use on going concern assessment. We posit that experienced auditors, while developing lower levels of Machiavellianism in proportion to their growth in experience, may actually suffer a reduction in their ability to discriminate between relevant and irrelevant information. This may render them susceptible to the dilution effect, with subsequent impairment in decision performance despite the use of decision aids. The study finds evidence to support this prediction.

Key Words: Diagnostic information, nondiagnostic information, the dilution effect, Machiavellianism, cognitive moral development, decision aids.

Data availability: Contact the authors.