

American Accounting Association

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Accounting, Behavior and Organizations Section

## **1997 Outstanding ABO Dissertation**

*The Development of Knowledge Structures That Transfer Across Audit Domains*

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### **Abstract**

The results of an experimental task administered to 60 in-charge accountants indicate that financial service auditors with loan credit review experience were more accurate than manufacturing auditors without loan credit review experience in their evaluations of "substantial doubt" made for the two firms in the novel industry context. For the two firms in the manufacturing industry context, there was no statistical difference between the accuracy of financial service auditors and manufacturing auditors. Moreover, the four evaluations of "substantial doubt" were completed by financial service auditors in significantly less time. Overall, these results suggest that certain loan credit review knowledge transfers to aid going concern decision-making performance.

The results have both theoretical and practical implications. From a theoretical perspective, the results show that certain types of knowledge can be transferred across tasks within auditing. In so doing, this study is the first to identify such transfer within auditing (Davis and Solomon 1989; Bédard and Chi 1993). From a practical perspective, the results reveal one way that an audit firm can improve the utilization of its existing firm knowledge. There may be other situations where knowledge developed for one audit task will transfer and aid judgment performance in another audit task. Thus, these results may provide the impetus for future knowledge transfer investigations.

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