

Audit Partner-Manager Dyadic Fit and Team Functioning

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Abstract:

This paper investigates the formation of audit partner-manager dyads and the consequences of this formation on the functioning of the engagement team. Prior literature mainly focuses on the role of one leader alone, while in practice, an audit team is usually led by two key figures. This dual-leadership structure and its potential effect on the team are largely unexplored. We draw on the theory of homophily develop predictions, and test them using data from 221 engagement teams and their leaders. The analyses suggest that partners and managers that form a dyad are more similar in terms of their skills and leadership behavior than other random matches based on the available pool of auditors. However, the similarity is not always beneficial for the functioning of the engagement team: Only when the partner and manager are both highly skilled and demonstrate strong leadership does the similarity result in a better functioning team. Otherwise, a complementary match is associated with better team dynamics. The findings on the role of partner-manager dyads in guiding an engagement team can inform audit firms on how to better compose and manage their audit teams.

Keywords: Audit Teams, Leadership, Team Dynamics

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