

The ties that bind: Knowledge-sharing networks and auditor job performance

Abstract

The dissemination of knowledge in audit firms is a critical process that has gone relatively unexamined by researchers. Using social network analysis to quantify the knowledge-seeking networks in a Big 4 audit firm in the U.S., we document the factors that determine the knowledge seeking activities of auditors. We find that auditors tend to seek knowledge from fellow auditors whom they consider to be friends, those with whom they are on the same audit team, those of similar rank, and auditors with longer tenures. We also examine the association between the types and patterns of knowledge seeking ties and individual auditor performance. We find that auditor job performance is negatively associated with the number of knowledge-seeking ties, but positively associated with mutually-acknowledged ties, and the extent of connectedness in the auditor's knowledge-seeking network. Taken together, we demonstrate that the nature of social ties between auditors affects knowledge acquisition and the latter in turn has implications for auditor performance.

JEL Classification: M42

Keywords: Social Networks, Knowledge-Sharing, Auditor Performance