

ABSTRACT

The audit-working papers review is a crucial part of audit quality control. Review involving face-to-face discussion can put pressures on auditors and this may lead the auditors to respond differently (performance improvement and impression management) depending on the audit objectives to be achieved. The way the auditor responds to the review process is highly influenced by the experience and the style of supervisors (referent, expert, legitimate, reward and coercive power) conducting a review. The purpose of this study was to examine the role of supervisor power in moderating the relationship of face-to-face discussion and the auditor's response as well as how the experience affects the review process.

The population in this study were auditors working in the Public Accounting Firms in Jakarta. The samples in this study were 198 auditors working in the Public Accounting Firms in Jakarta which have more than two partners. Fourteen hypotheses are tested using partial least squares and multi-group analysis.

The research findings showed that face-to-face discussions positively influenced performance improvement and impression management. Experienced auditors showed better performance improvement than the less experienced auditors when review is based on face-to-face discussion. Referent, expert and reward power weakened the relationship of face-to-face discussion and performance improvement. Expert and reward powers weakened the relationship of face-to-face discussion and impression management. In addition, coercive power strengthened the relationship of face-to-face discussions and impression management. Experienced auditors did not perform better impression management than less experienced auditor when the review is based on face-to-face discussion. Legitimate and coercive power did not moderate the relationship of face-to-face discussion and performance improvement. Referent and legitimate form of power did not moderate the relationship of face-to-face discussion and impression management.

Keywords: face-to-face review, auditor response, auditor experience, supervisor power.