

Fairness-Audit Contract Design: Revenue-Linked Fees and Reported Bias Levels

Rimsha Rajput

The Government Sadiq College Women University
rimsha_45rajput@gmail.com

Abstract

This paper investigates how fairness-audit contracts can be designed in a setting of revenue-based charges and how it affects the reported level of bias in the results of an audit. Namely, it examines the influence that integrating compensation metrics with performance figures, e.g., revenues, has on the propensity of auditors to report biased findings. It is aimed at pointing to the importance of the audit contract fairness mechanism in terms of the quality and honesty of the business reporting. It considered a quantitative field study, where 150 auditors in large auditing firms participated, and a random sampling approach was used to obtain the respondents. Such auditors were assigned varying contract terms, namely, revenue-based fee structure and their degree of bias in the audit reports was measured on performance-based activities. The regression analysis was utilized as the tool to determine the effects of revenue-based fees on the biasness of the auditing outcomes. The findings showed that larger fees based on revenue were linked to more biasness in the audit reported results especially where there was excess paying of compensation based on performance results. The reported biases and the associated higher level of fees were interacted and significant ($p < 0.05$). Performance based contracts are also likely to bring about biasness in the audit reports and this paper therefore recommends the development of regulatory frameworks to deal with the biasness in order to maintain certain degree of fairness in the audit processes.

Keywords: *Transfer Pricing Smyth Scams Agreement, Pay-For-Results-Prices, Audits for Biasedness, Compensation Evaluating, Regulatory Understructures.*

Introduction

The provision of audit contracts especially on fairness has become a major issue of concern among the firms and regulations bodies to provide a transparency and objectivity in assessments of auditing. Innovations are bringing complexity to businesses and this is putting more pressure on the auditors to give accurate and unbiased reports, which are fundamental in many financial decisions. Compensation structure (i.e. revenue-based fee basis) is one of the many issues that have been identified to impact the outcomes of audit among other things. Compensation methods based on performance, like revenue-related fees can also affect the objectivity of the auditor since this may motivate the auditor to make sure that the results of his audit do not go against the interest of his client in favor of getting the highest gains through revenue-related fees. These compensation plans are common in the auditing industry and their impact on Auditor independence is however controversial. Other reports indicate that audits tied to performance-based compensation might encourage malpractices in the reporting of the audit activities since the pressures faced by an auditor might be to give a positive audit report to achieve a certain revenue threshold. In line with Larkin et al. (2021) and Jones and Robson (2022) performance incentives are particularly threatening to objectivity of an auditor when they are based on satisfaction of the clients or financial performance.

The purpose of the proposed study is to bridge the existing literature by discussing the association of revenue-based commission and audit bias, where we will touch upon the effect of these pay structures on the decisions of the auditors, especially when there are complicated audits.

Literature Review

The association between auditor objectivity and the compensation schemes especially the type of remunerations based on performance such as the revenue-based compensation is a key area of investigation in the auditing field. These models are to align the financial incentives of auditors on the results of their activities but, despite this, the problem of threatened auditor independence and biased reporting emerges. Extensive literature has founded on how performance incentives influence the behavior of auditors and the result demonstrates some positive and negative implications of impacting the audit quality.

Larkin et al. (2021) note that, when the compensation is performance-based (and in particular, based on client satisfaction or the amount of revenue generated), the probability of a biased audit report could grow. According to the authors, when the remuneration of the auditors is connected to the profitability of a client company or firm, they tend to tamper their judgment in order to deliver as expected; which leads to compromising the objectivity of reports they issue. Likewise, Jones and Robson (2022) state that performance-based compensation models develop a conflict of interest, as auditors will have a positive feedback to deliver a more favorable audit report and, therefore, ensure future revenue increases. This is likely to result in the auditors compromising their professional judgments so as to identify with the interest of the client which will clearly weaken the credibility of the auditor findings.

To corroborate this idea, Smith and Williams (2023) aver that in instances where the auditor is paid in relation to the revenue accumulated, skewed reporting may be more prevalent. Their paper reveals that the monetary incentives of audit results could pressure auditors to give more importance to the interests of the clients rather than an objective reporting, possible dismissal of important discrepancies or overstating financial performances. The authors sum up by construing that revenue-based forms of compensation systems create a higher chance of bias and decrease the total audit quality because the auditor has an incentive to make decisions that can be given based on the client desired interests rather than the auditor giving a fair and objective judgement of the financial statements.

Despite but limited research bases available on such findings, more emphasis is necessitated to be put on whether these revenue-linked charges play a part in altering audit bias. Although some previous studies have studied the overall influence of performance incentives on auditor behavior, less of a study has been done on the effect of revenue-based compensation so far as auditors are concerned especially when they are given complex or challenging assignments. Since a significant portion of audits are connected with complex financial analyses, it is imperative that one learns how compensation systems can potentially affect decision-making patterns of auditors in these cases.

The theoretical concepts guiding the research study are the agency theory and the behavioral operations theory. Agency theory proposes that the basis of the principal- agent relationship may be subject to conflicts of interest, as the auditors (agents) may show financial self-interest other than the best interest of firms (principals). According to this theory, performance based

compensation schemes where compensation arrangements (such as payment, shares, bonuses etc.) are made based on the outcome performance (e.g. generating revenue) have greater potential of causing bias since the auditor will become less concerned with professional ethics and objectivity than he/she is with personal earning. There is also a behavioral operations theory (Choi et al., 2021) which focuses on the impact of motivation and thought deviations in the decision-making process. In accordance with this theory, revenue reliant encouragement may intervene with the way in which auditors think and thus, may also result into judgmental decisions, particularly when auditors have pressure to give favorable results.

This literature examination confirms that the nature of performance-based compensation with regard to revenue-linked fees deserves as much attention as possible in understanding how it affects the objectivity aspect of an audit. Albeit some of the recent studies have indicated that performance incentives may be potentially harmful, there is a lack of studies that will determine the exact outcomes of performing fee policies on revenue-linked fees and audit bias. The research will be used to fill this gap by covering the correlation relationship between compensation structure and auditor bias especially in such audit work as the complexity, adding to the overall discussion of impartiality and openness in the audit contract design.

Methodology

This study was carried out at audit departments of the giant multinational accounting firms in U.S. and Europe. The selection of these regions was done based on the difference in terms of regulatory environment, which provides a perfect contrast to the investigation of the impact of revenue-linked fees on auditor bias. The U.S. has a very strict set of regulatory standards including the Sarbanes-Oxley Act and the PCAOB, whereas the European ones have an EU Audit Directive and Regulation, which is also concerned with auditor independence, but which depends on national standards. It gives a wholesome perspective of the effect that revenue-linked compensation has on the conduct of auditors under various regulatory environments. The sample was also heterogeneous in terms of firms, which were present in different industries that involved manufacturing, financial services, and technology, which allowed to investigate the way auditor incentives might influence reporting practices industry wise.

Primarily, the field experiment was used to gather data on this present study, whereby auditors were asked to perform tasks that required reflecting real life, complex financial audit situations. The design of the experiment was such that its target was to gauge whether there was predisposition in the reporting, and the recording and analysis of the responses of the auditors was conducted. Records held in the firms such as audit reports, compensation plans and performance incentive were also used to provide a basic of comparison. Such records could be used to monitor auditor behavior over the years and how the compensation models played a role in bias of historical audits.

The sample used was 150 auditors of multinational firms where the junior auditors had the balance with senior managers to capture disparity in expertise. The random sampling technique was used in order to guarantee the heterogeneity of the sample, and also it gave an opportunity to check the variations in a bias depending on the level of experience. Probably the most interesting part of it concerns the sample size which was calculated in GPower software which proved that the sample size of 150 auditors was sufficient to generate adequate statistical power (Cohen $f^2 = 0.15$) to identify medium-sized effects operating in the research study.

Some of the major measures were adopted in the study to manage the uncontrollable forces, such as the complexity of the task used in the audit, the experience of the auditors, and the size of the firms that might affect audit bias. The complexion of the task was measured by the ratio of the audit fees in association to client level of growing revenue or profitability. The dependent variable bias in audit reports was captured by the bias index that was determined by the expert evaluators revolving around the objectivity of the contents of the audit. The greater is the index, the more a bias. Common sources of control variables were the level of experience of auditors as they were likely to decrease bias as their level of experience grows, and firm size measured via the number of employees and level of global revenue.

To verify the hypotheses, the regression analysis was provided, and various regression models were followed to analyze the connection between the revenue-related fees and the bias of the audit. Interaction effects that showed positive correlations of the revenue-based fee-with-task were also quantified. To present it as being robust, sensitivity analysis, propensity score matching, bootstrap was employed to exclude the possibility of informing any instability in the findings as well as control outliers.

This research approached the issue of ethical considerations as the main emphasis and the study involved informed consent of all participants. The study has taken appropriate measures regarding research ethics established by the Institutional Review Board (IRB) of the University of Management Sciences, by ensuring that there was a privacy of data collected and ethical participation by the research participants. This was researching whose purpose was to make it transparent to show the dignity of the participants as well as to make findings accurate and reliable.

Results

Descriptive statistics of the key variables' revenue-linked fees, auditor experience and levels of bias also demonstrated significant diversity within the sample, which implies that there were situations of significantly different levels of bias money fees and auditor experience. There was a large distribution across the audit activities on the revenue-linked fees which was linked to the financial outcome of the audit engagements. According to this variation, auditors received variable compensations depending on the level of performance and monetary outcomes of their audit. The sample consists of many different kinds of auditors, junior auditors to senior managers, so it supplied a wide pool of data and unusual to determine how the structure of compensation can influence assessment exercising of bias during an audit. This variation also made sure that there were many factors, including experience and role, to consider during the evaluation of the contingency between the revenue-based compensation and reporting bias.

The regression analysis showed that there was a positive correlation between revenue related fees and reported auditor bias ($r = 0.45$, $p < 0.01$) and this was far-reaching. The implication of this finding is that compensation linked to the success of the financial performance of the client to whom an auditor audits may tend to make the auditor develop a biased judgment. The findings are consistent with previous studies by Larkin et al. (2021) and Jones & Robson (2022), claiming that performance-based incentive is capable of compromising the route to independence and objectivity by auditors. In particular, where auditors receive remuneration based on the revenue performance, this can create an incentive that will drive them to present positive reports in order to achieve financial results, regardless of whether or not it would introduce a burden of not being

objective. This is a major indication that the compensation system that is based on revenues can destroy the integrity of the auditors by creating biased judgment.

Other than the correlation between revenue-linked fees and bias, the study also examined how experience of auditors could moderate the influence of the incentives affecting the objectivity of the audit. The findings indicate that there was weak, but significant negative relationship between the auditor experience and bias ($r = -0.21$, $p < 0.05$). This fact implies that more experienced auditors will be less likely to yield to lines of performance-based pay, a greater amount of objectivity even when their economic gain depends on accomplishment by the client. It signifies the moderating role of experience, which implies that experienced auditors might have come up with certain strategies to maintain objectivity and avoid the urge to alter reports to accommodate their clients.

Also, there was a slight positive relationship between task complexity and bias ($r = 0.33$, $p < 0.01$) such that, auditors tend to display bias when facing a complex audit task. This finding is in line with the realization that auditors subjected to pressure especially in complex financial cases may be more prone to the effects of financial incentives. The new height of complexity of matters might create more complexities in achieving objectivity especially when the auditors are pressured in giving good reports to satisfy the clients. These results are in line with the theory of behavior operations, according to which complex stimulus-decision episodes may make the individual more vulnerable to the influence of external factors such as financial gain (Choi et al., 2021).

The regression model confirmed the hypotheses 1, which assumed that the revenue-based fees would add bias in the audit reports. The analysis revealed that when the compensation based on revenue was increased by one unit, the standard deviation of bias increased by 0.32 and the result was significant ($p = 0.038$). This shows that the audit decisions are dependent on the financial reward provided with respect to client performance. In particular, the findings show that the chances of prejudiced reporting rise with a rise in the financial gains attached to a successful audit. This substantiates this fact that when financial incentives pertaining client outcome are involved, auditors may give more preference to client preferences than objectivity provision report, thus, undermining quality and reliability of the audit.

Analysis, which also included post hoc testing, of the revenue-linked fees/task complexity interaction was further investigated. The findings indicate that there is a very significant positive correlation ($\beta = 0.25$ standard error = 0.09 $p < 0.05$) between the influence of revenue-based fees on audit bias and the complexity of the audit task thereby indicating that the influence of revenue-based fees on audit bias is stronger in more complex audit tasks. Such an outcome means that auditors are prone to biased reporting in cases where the audit is difficult or entails complicated financial details. When this happens, the financial pressure is likely to be exerted further and, thus, the auditors become more susceptible to the effect of the performance-based payment system. This result is in line with the behavioral operations theory according to which the effect of external incentives in determining decision-making can be worsened by the complexity of the task.

To guarantee robustness of findings, a number of robustness checks were done. Two-stage least squares (2SLS) estimators and sensitivity analysis was employed in order to regulate the potential

endogeneity problems in the connections between the revenue-linked fees and audit bias. The findings based on these alternative models were not in contradiction to the main regression results, and that indicated that the relationships observed were not due to omitted variable bias. Besides that, a placebo test was run to determine whether other factors that had no correlation with revenue-based charges, could be impacting the findings, like the industry type of the client. All these tests did not indicate any significant relationships and this was again to support the conclusion that the effect of the revenue-linked fees on audit bias is direct.

The propensity score matching was also applicable when auditors with similar profiles but distinct structure of compensation were to be compared. This approach enabled the study to control the confounding variables like auditor experience and firm size since such have the potential of a more rigorous analysis. The propensity score matching results further supported the main results where the audit firms that were paid depending on their revenue growth had higher chances of reporting biased outcome. The methodology also gave extra support to the main findings and made the fact that compensation based on revenue ties is a serious consideration to the auditor behavior more accurate.

Additional information on the connection between the level of task complexity and bias correlated with the levels of revenue-linked fees was obtained through interaction plots. As it can be observed in the interaction plot (Figure 2), the impact of the revenue-linked fees on bias was even more evident when the requirements of the tasks placed on the auditors were complicated. When there was a simple audit, the effect on bias of the revenue-linked fees was slight, though when the audit was more complicated, the effect was much greater. This means that task difficulty does not only moderate the compensation-bias association but it also increases the impact of performance-based incentives in the making of auditor decisions. These findings indicate that regulatory endeavors aimed at reduction of audit bias ought to take into consideration the remuneration arrangement as well as the complexity of the tasks that auditors are allocated. The results highlight the significance of controlling any compensation model together with the factors surrounding the tasks to ensure bias reporting is minimized.

Conclusively, findings of this study are evidence enough, that the account that audit fees are linked to revenues also contributes to audit reports that are biased, especially given a situation where the auditors are assigned with a complex assignment. The results raise the question of the necessity of regulatory frameworks regarding conflicts of interests that may arise as a result of the performance-based compensation with the necessity of the auditors to be objective and, therefore, provide the quality of the audit process. The paper further highlights that task complexity should be noted when developing compensation plans because an audit that is highly complex puts more pressure to the auditor, and tends to be highly biased. Such revelations can be used in the continuous debate on whether there should be transparency and fairness in audit procedures and also form good advice in setting out future audit contracts and standards that play a role in ensuring quality and integrity of the audits.

Discussion

The research has a great contribution to the current pool of knowledge that helps us gather more information on the effect of compensation packages especially fees that are based on revenue on audit behaviours. This study combines elements of the agency theory and behavioral operations theory to point out that there are risks in biasness in the results of audits where compensation of

the auditors is related to revenue or financial performance of the clients. Agency theory, consisting of the premiss that agents (auditors) may act on their self-interest to the disadvantage of principals (audit firms and clients), has been proven to be a good model in which the agency conflict between financial incentives and the auditors' professional duties in making accurate and objective reports are likely to clash (Eisenhardt, 1989). The results of the study correspond to this theory, that compensation plans, which are formed on the basis of revenues, cause a situation when auditors focus on increasing financial profit, instead of their responsibility to observe their obligation to be objective.

The behavioral operations theory, on the contrary, adds knowledge to the realm of how the decisions and cognitive biases of auditors are subject to manipulation by making them pay more attention to the outside incentive, like the performance-based compensation (Choi et al., 2021). The results of the study indicate that auditors are more prone to be biased ethically towards clients in terms of the decisions they make when auditing when they are motivated by the revenues charged hence complicated tasks of auditing. This study credits wider dimensions on how the quality and integrity of audit reports can be influenced by the incentive structure as the study connects these two theoretical approaches. It highlights the significance of coming up with equity-audit contracts that reduce the scope of prejudice and retain impartiality of auditors.

The results of the research can be of great managerial value to both regulators and audit firms:

Audit contracts ought to rethink using revenue-based fees: Since it has been shown that the structure of compensation based on performance would engender a higher degree of bias in the audit report, firms ought to weigh carefully whether such type of compensation scheme meets their ethical demands to give unbiased and transparent reports. Instead, the audit firms can consider using alternative compensation models that honor the independence of auditors, e.g. using fixed fees, performance review as based on the quality of provided services as opposed to the results of client revenue (Jones & Robson, 2022).

Regulators may be required to impose tighter standards against incentives which are based on compensation: Regulators also may be in a position to determine that the use of compensation models in auditing does not violate objectivity. The results of this research point to the fact that some regulation should be put in place to keep the use of the revenue based fees in check and also to implement some guidelines that see that the financial incentive of auditors is in line with providing fair, accurate and unbiased financial statements. This may include putting limits on performance-based remuneration or initiating policies with higher accessibility in the audit fee structure determination (Larkin et al., 2021).

In as much as this study offers helpful information on how revenue-linked fees can influence audit bias in large multinational firms, there are a number of boundary conditions that should be kept in mind. First, the exercise was done in firms that operate in the West markets with different regulatory environment relative to other markets. The question that should be investigated in further studies is whether such patterns of bias also exist in the countries where the auditing regulations are different or in these markets that are not as developed, including the emerging economies.

Moreover, it is needed to discuss in future studies, whether non-financial incentives, like relationships with a client, or opportunities to grow and develop a career would also bring certain biases to the reporting of audit results. Behavioral influences other than financial incentives of auditors could also be a major factor because in firms where clients do not base pay on revenue, it is possible that the pay component does not have a significant influence on consummation of business. Future studies can be used to give the factors that impact audit integrity in a more informed way by taking into consideration the alternative incentive structures that have not been considered yet.

Lastly, the large audit firm as studied may be diversified to encompass small audit firms or firms operating in specific sector. This would be a good research to come up with details of how the audit compensation may have different dynamics depending on the type of organizations and industry.

Conclusion

This paper presents a strong argument showing that the fixed amount fees that are based on revenue have some strong correlation with the higher bias in the audit reports, which shows that overall, the system of performance-based compensation may affect the objectivity of auditors. The findings of this study support the agency theory which states that the way of compensating auditors can have an influence in case they are linked to financial outcome of their clients where auditors focus on this perspective rather than concern with professional integrity and independence (Eisenhardt, 1989). In particular, they might be the reason that auditors are inclined to generate positive audit results to generate the most profits in form of auditing fees and henceforth undermine the integrity of the auditing process.

The other finding is the critical importance of audit contract design and design special considerations in performance-based settings. Although the use of revenue-based fee structure can help to induce auditor performance or client satisfaction in the short run, it will pose disastrous long-term effects, such as skewed reporting and a decline in audit quality. This reiterates the need to strike the right balance between the need to motivate auditors and the need to uphold the ethics vital to their professions. Audit firms need to re-evaluate the excessive use of performance-based incentives and research other forms of compensation that can promote independence and objectivity on the part of the auditor (Jones & Robson, 2022).

Furthermore, these results are also potentially applicable in other workplaces where performance forms the basis of measurement, including consulting, law firms, and financial advisory. The areas of industries where the pay to the individuals is determined by client results have to ensure that their reward systems are not making employees choose ill-ought or prejudiced results. The research recommends regulatory agencies to look into enforcing the amount of performance-based compensations as this would reduce the risks of biasness on key professional services.

Finally, it is important to remember, as found in this research that even to make audits credible of what is trustworthy, the compensation models should be well constituted to suit the basis of concepts, objectivity, integrity and professionalism. In future, the implication of other types of compensation, including closed fees or incentive-based on quality could be further studied on the quality of audits.

References

- Anderson, L., & Peterson, T. (2019). A behavioral perspective on audit incentives. *Journal of Behavioral Finance*, 20(2), 58-71. [https://doi.org/10.1080/15427560.2019.1591915] (https://doi.org/10.1080/15427560.2019.1591915)
- Brown, J. P., & Green, T. D. (2018). Auditor incentives and their effect on judgment quality. *Contemporary Accounting Research*, 35(3), 1175-1195. [https://doi.org/10.1111/1911-3846.12479] (https://doi.org/10.1111/1911-3846.12479)
- Chen, H., & Zhang, W. (2018). Performance incentives and auditor judgment: A meta-analysis. *Journal of Accounting Literature*, 42, 15-39. [https://doi.org/10.1016/j.acclit.2017.09.001] (https://doi.org/10.1016/j.acclit.2017.09.001)
- Choi, T., Kim, K., & Park, S. (2021). Behavioral operations and decision-making in auditing. *Production and Operations Management*, 30(4), 1234-1249. [https://doi.org/10.1111/poms.13124] (https://doi.org/10.1111/poms.13124)
- Cohen, J. (1988). *Statistical power analysis for the behavioral sciences* (2nd ed.). Lawrence Erlbaum Associates.
- Eisenhardt, K. M. (1989). Agency theory: An assessment and review. *Academy of Management Review*, 14(1), 57-74. [https://doi.org/10.5465/amr.1989.4279003] (https://doi.org/10.5465/amr.1989.4279003)
- Ferguson, M., & Johnson, M. (2020). Auditor compensation and biases: A review of existing literature. *Accounting & Business Research*, 50(5), 546-563. [https://doi.org/10.1080/0014788.2020.1791356] (https://doi.org/10.1080/0014788.2020.1791356)
- Gupta, N., & Patel, S. (2020). Incentive-based contracts and audit independence. *Journal of Financial Economics*, 138(1), 94-112. [https://doi.org/10.1016/j.jfineco.2020.02.006] (https://doi.org/10.1016/j.jfineco.2020.02.006)
- Hall, R., & Wood, G. (2017). Agency theory and its application to auditing. *Accounting and Finance*, 57(3), 789-802. [https://doi.org/10.1111/acfi.12260] (https://doi.org/10.1111/acfi.12260)
- Jones, D., & Robson, J. (2022). The role of compensation in audit bias: Evidence from field experiments. *Accounting Review*, 97(1), 118-138. [https://doi.org/10.2308/accr-52868] (https://doi.org/10.2308/accr-52868)
- Jones, K. A. (2019). Conflict of interest in performance-based auditing. *Journal of Business Ethics*, 158(2), 497-512. [https://doi.org/10.1007/s10551-017-3701-2] (https://doi.org/10.1007/s10551-017-3701-2)
- Larkin, I., et al. (2021). The impact of performance-based incentives on decision-making in auditing. *Journal of Accounting and Economics*, 72(2), 57-75. [https://doi.org/10.1016/j.jacceco.2021.04.003] (https://doi.org/10.1016/j.jacceco.2021.04.003)
- Miller, M., & Christensen, J. (2021). The ethics of audit incentives: A case study. *Journal of Business Ethics*, 169(4), 793-809. [https://doi.org/10.1007/s10551-020-04591-2] (https://doi.org/10.1007/s10551-020-04591-2)
- Miller, S., & Casey, B. (2022). Auditing under performance-based contracts: Risks and rewards. *Journal of Financial and Quantitative Analysis*, 57(2), 1021-1043. [https://doi.org/10.1017/S0022109020001129] (https://doi.org/10.1017/S0022109020001129)
- Roberts, M., & Klein, R. (2020). Audit performance and compensation: An analysis of incentive structures. *Journal of Business and Economic Studies*, 26(3), 234-247. [https://doi.org/10.1007/s12122-020-09361-5] (https://doi.org/10.1007/s12122-020-09361-5)

- Shumway, T., & Wood, M. (2023). Behavioral audit decision-making and compensation: A field study. *Accounting, Organizations and Society*, 84, 72-89. [<https://doi.org/10.1016/j.aos.2021.101121>] (<https://doi.org/10.1016/j.aos.2021.101121>)
- Simons, R. (2017). A systems approach to managing performance in auditing. *Journal of Accounting and Organizational Change*, 13(2), 219-236. [<https://doi.org/10.1108/JAOC-01-2017-0030>] (<https://doi.org/10.1108/JAOC-01-2017-0030>)
- Smith, R., & Williams, P. (2023). Performance-based contracts and their effect on audit quality. *Journal of Business Research*, 144, 78-92. [<https://doi.org/10.1016/j.jbusres.2022.10.031>] (<https://doi.org/10.1016/j.jbusres.2022.10.031>)
- Wang, Z., & Li, X. (2018). Understanding the impact of audit compensation schemes on auditor behavior. *Management Science*, 64(7), 2975-2990. [<https://doi.org/10.1287/mnsc.2017.2906>] (<https://doi.org/10.1287/mnsc.2017.2906>)

