Audit Theory Paradigms

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"Quoth the Professor: ‘Well, it may be all right in practice, but it will never work in theory.'" (Warren E. Buffett, 1985)

The goal of this paper is to present several candidates for the theory of auditing. Herein, there is no pretension to formulate a "new" audit theory, nor is there any effort to elevate one expression of theory over another. However, toward the end of this paper, a distinction is made between "macrotheory" (a global or all-encompassing perspective) and "microtheory" (models for dealing with specific decisions) along with an assertion that the two, taken together, can be very useful for research and practice.

The first sections of the paper are an excursion through literature that promises some attention to "a theory of auditing." A search for such literature produces only a few pieces that have such pretensions. The broad conclusion from this review is that all the existing expressions of audit theory fall short.

As the title suggests, this paper deals with "paradigms" that give rise to audit theories. A paradigm is taken in the same context as it was in the Statement on Accounting Theory and Theory Acceptance [Committee on Concepts and Standards for External Financial Reports, 1977] as introduced by Kuhn [1970] and defined in the plural as "conceptual and instrumental frameworks that provide modes from which spring particular coherent traditions of scientific research." In this context, a paradigm is a "world view" that enables researchers, theorists, and practitioners to discern audit phenomena in terms of input—specification of the problems of interest, setting—the empirical domain over which the audit work/research is applied, and process—the kinds of tests and standards used to adjudicate contradictory propositions. A paradigm, when shared by all concerned, may lead to a single prevailing theory—a broad view and focus for research and practice. This context of "paradigm" is much broader than that used by some researchers when they refer to a particular model or algorithm used in research data analysis.

Nevertheless, the exposition on paradigms herein suffers from the limitation of this author’s and others’ perceptions of the world of audits. Specifically, perceptions of audit theory paradigms are influenced by existing literature and

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