

Influence of auditors' behavior during organizational conflicts on the trust and cooperation established between internal and external auditors

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Abstract

Objective: To analyze the influence of auditors' behavior during organizational conflicts on the trust and cooperation between internal and external auditors.

Method: This descriptive and qualitative survey addressed a sample of 226 internal auditors and 267 external auditors working in Brazilian companies. Based on the factors generated by the factor analysis of the trust and cooperation elements, multiple linear regressions were performed considering the non-confrontation, solution-oriented, and control dimensions for the auditors' attitudes toward organizational conflicts.

Results show that internal and external auditors hold different perspectives on the factors guiding the decision on whether to trust and cooperate. Auditors are also influenced by age, sex, and position. As for their behavior when facing organizational conflicts, most internal and external auditors present attitudes directed toward solving conflicts. This profile positively influences trust and cooperation between internal and external auditors.

Contributions: this study indicates the importance of identifying the profile of auditors and its impact on audit processes, contributing to decision-making in the governance field, to optimize the resources invested in the auditing process.

Keywords: Internal audit; External audit; Cooperation; Trust; Organizational conflicts.

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1. Introduction

Corporate governance and the Sarbanes-Oxley Act (SOX) expanded relationships between internal and external auditors. Among the main explanations for this expansion is the requirement for external auditors to issue an opinion on the existence of a comprehensive, efficient, and effective control structure, clearly documented and consistently applied to avoid material misstatements in financial statements (Gramling et al., 2004; Paino et al., 2015).

Professional standards concerning the audit function suggest that the means for internal and external auditors to achieve their respective objectives are similar. Hence, they can eliminate repetitive tasks and avoid unnecessary duplicated work (Saidin, 2014). Although internal and external auditors' primary objectives are different, common interests provide a basis for them to cooperate.

Usually, auditors face important dilemmas when performing their tasks (Morais & Franco, 2019). On the one hand, auditors intend to be thorough with their work to convey confidence. On the other hand, however, they want to decrease costs, be more efficient, avoid excesses that generate dissatisfaction in organizations and limit efficiency, in addition to minimizing risks (Morais & Franco, 2019). The literature has addressed potential solutions for these impasses, considering factors such as trust and cooperation in the relationship between internal and external auditors.

It is complex for external auditors to trust the work of internal auditors, and it does not necessarily depend on a single factor (Gray & Hunton, 2011). Studies have addressed isolated factors, however, that influence the decision of external auditors on whether to trust the work of internal auditors. These factors include criteria to assess the work of internal auditors (Haron et al., 2004), the importance of factors influencing the level of dependence of external auditors on internal auditors (Suwaidan & Qasim, 2010), trust of internal auditors (Mihret & Admassu, 2011), and dependence of external auditors on the work performed by internal auditors (Brody, 2012; Paino et al., 2015). Additionally, studies report the perceptions of internal auditors regarding their level of trust in the external audit process (Endaya, 2014; Saidin, 2014; Morais & Franco, 2019).

Quality internal audit, in terms of competence, objectivity, and team performance at work, contributes to the effectiveness of external auditing (Al-Twajjry et al., 2004). In this sense, cooperation and trust between these professionals and good communication and networking can contribute to knowledge sharing, tools, and methodologies that provide appropriate, fast, and transparent support to make timely decisions in auditing (Morais & Franco, 2019).

Both organizational and individual factors impact trust in the relationship between internal and external auditors. As for individual differences, Brody (2012) highlights that one's work style and experiences may impose barriers to communication and cooperation, impacting judgment on the level of trust in the work performed by internal and external auditors. Furthermore, behavior in the organizational context has become a critical variable in the emergence of organizational conflicts. Based on Putnam and Wilson (1982), organizational conflicts involve a strategic or planned interaction on the part of individuals, so they tend to make choices about their behavior as a result of their own goals and other individuals' goals.

Communication linked to behavior when facing conflicts is a two-way street, so it is interesting to investigate the perceptions of internal and external auditors about barriers imposed in this relationship (Brody, 2012). In addition, internally or externally, the development of the auditing role presupposes a need for studies to explore new situations and factors that possibly impact the efficiency and effectiveness of this function. Circumstances related to cooperation between internal and external auditors have not yet been extensively studied; hence, it is a gap that deserves more attention and needs to be addressed in the academic milieu.

Given the previous discussion, this study is intended to answer the following guiding question: **How does the auditors' behavior during organizational conflicts influence trust and cooperation between internal and external auditors?** To answer this question, the study analyzes the influence of auditors' behavior during organizational conflicts on trust and cooperation between internal and external auditors.

Evidence indicates that the factors promoting trust and cooperation between internal and external auditors differ (Morais & Franco, 2019). Furthermore, assuming that behavior when facing organizational conflicts can be analyzed under a non-confrontational and communicative attitude or oriented towards solution or control, we expect that the level of trust and cooperation between auditors will vary according to their attitudes. Including the role of communication in the relationship established in the auditing process enables us to look beyond the auditors' aspects or those of auditing firms. Conflict is considered inevitable and generalizable within organizational contexts (Katz & Kahn, 1978); however, most organizational researchers tend to ignore the communication factor (Putnam & Wilson, 1982).

This study differs from the remaining and contributes to an analysis of the Brazilian context, contributing to a line of research interested in analyzing factors that influence the audit function. In addition, investigations on the characteristics of auditors in the face of organizational conflicts expand analyses of the work style in the audit function (Brody, 2012) and strengthen the debate on how the analysis of behavior amidst conflicts can provide elements to favor the interaction between internal and external auditors.

Auditing is an activity that reassures its various stakeholders, giving them greater security (Adams, 1994). Thus, investigations into factors related to cooperation and trust in the relationship between internal and external auditors tend to contribute to decision-making in governance bodies, in addition to solving concerns related to the optimization of resources invested in the audit. Also, this study's objective of analyzing the reciprocal relationship between internal and external auditors allows considering different perceptions and experiences, improving this study's evidence.

This paper is divided into 5 sections: introduction, literature review and research hypothesis, methodological procedures, presentation, and analysis of results and conclusions. Section 2 presents the literature review that guided the definition of the research hypothesis. Section 3 contains the methodological aspects, involving the definition of the population and sample, the research constructs and instrument, and the procedures for data analysis. Section 4 presents the results and respective analyzes according to the research constructs. Finally, section 5 summarizes the conclusions.

2 Literature Review and Hypothesis

2.1 Trust and cooperation between auditors

Cooperation between internal and external auditors is vital because it helps external auditors to improve the efficiency and relevance of audit reports and provides additional information needed to assess risk control practiced by internal auditors. Such a conception, related to cooperation, is transmitted to society through a set of global auditing standards that introduce, in an already complex environment, judgments that external auditors should perform regarding internal audit activities (Bame -Aldred et al., 2013). The decision on whether to trust is critical and requires professional judgment though and can be influenced by several factors (Bame-Aldred et al., 2013; Paino et al., 2015).

External auditors consider cooperating with internal auditors beneficial because it can lead to more accurate information and a more efficient auditing process (Ramasawmy & Ramen, 2012). Additionally, errors may be minimized or even eliminated (Al -Twaijry et al., 2004), while external auditing fees may decrease and influence competition in the auditing market (Felix et al., 1998; Haron et al., 2004; Abbass & Aleqab, 2013; Saidin, 2014).

As for internal auditors, Zain et al. (2006) identified that they assess their contribution to the external audit based on effective audit committees with adequate resources. Complementarily, Al-Twaijry, et al. (2004) found results that the degree of cooperation between internal and external auditors fundamentally depends on the quality of the internal audit function. Internal auditors tend to perceive the level of cooperation between internal and external audits to be limited though, while external auditors perceive such cooperation more positively (Al-Twaijry et al., 2004).

Some criteria are important to establish cooperation and trust between external and internal auditors in the auditing process. For example, the scope of the function and technical competence of internal auditors (Haron et al., 2004; Morais & Franco, 2019), the maturity that results from internal auditors' age, the number of years of the internal audit, implementation of international standards into professional practice, internal auditors' certification and experience, the quality of the work performed by the internal auditors (Sarens & Christopher, 2010; Bame-Aldred et al., 2013), and the quality of the auditing committee itself (Al-Twaijry et al., 2004; Desai et al., 2010).

External auditors tend to believe that less effort will be needed during an audit when they depend on internal auditors' work, mainly because internal auditors retain the knowledge of the company's operations, processes, and procedures (Clark et al., 1980). Additionally, the external auditors' work style influences their decisions on whether to depend on internal auditors and the extent of audit procedures (Brody, 2012). In this same context, internal auditors perceive that the trust expressed by external auditors in their work does not change fees; rather, it decreases the extent to which external auditors need to work (Saidin, 2014).

The knowledge of internal and external auditors is not necessarily in conflict. On the contrary, by working together, auditors can create important and convenient synergies (Sarens et al., 2009). In addition, cooperation provides greater security in decision-making (Morais & Franco, 2019) and greater efficiency without the process losing effectiveness (Brody, 2012). Therefore, external auditors should establish effective cooperation agreements with internal auditors and trust in their work the most as possible (Ramasawmy & Ramen, 2012) while still sharing responsibilities (Sawyer et al., 2003) and, consequently, compromising independence.

In this context, good communication is necessary for good cooperation (Brody, 2012; Paino et al., 2015), efficient environment control, and to promote greater trust in the relationship between external and internal auditors (Zain et al., 2006). Barriers in communication between external and internal auditors may compromise audit efficiency though (Paino et al., 2015) and result in adverse experiences that tend to compromise cooperation in future relationships (Brody, 2012).

2.2 Behavior during organizational conflicts and trust and cooperation in audit

To explore the effects of the external auditors' work style, perceived barriers to communication and the effect of client risk management on the dependence on internal audit work, Paino et al. (2015) identified that the external auditors' work style and communication barriers are significantly related with the dependence of external audit on internal audit. In addition, the authors identified that the role of the external auditors (manager *versus* senior) influences their judgment regarding whether to trust the internal auditors' activities.

The work style of auditors is related to how they manage conflicts or disagreements. For example, external auditors with a more passive working style generally do not argue with their clients. Instead, they often prefer to rely on the internal auditors' work without extending audit procedures. However, external auditors with a more active working style tend to dig deeper to substantiate the conflict and show high levels of skepticism. Therefore, they are more willing to work with internal auditors rather than just relying on their work (Paino et al., 2015).

Conceptually, organizational conflicts can be understood as disagreements that may lead to incompatible goals, values, or behaviors (Putnam & Wilson, 1982). In addition, Putnam and Wilson (1982) consider that conflict involves strategic or planned interactions. Therefore, individuals tend to make choices about alternative behaviors, considering their goals and other individuals' anticipated goals.

Conflict strategies refer to verbal and non-verbal communicative behaviors that enable dealing with conflicts. However, such strategies are behavioral choices people make rather than an individual's characteristic style (Putnam & Wilson, 1982). The decision to adopt a specific conflict strategy is governed mainly by situational constraints rather than personality, encompassing variables such as the nature of the conflict, organizational structure, environmental factors, and the relationship among the participants (Putnam & Wilson, 1982). The latter is responsible for involving specialization issues, and roles played in the organizational context. For Putnam and Wilson (1982), behaviors based on organizational conflicts tend to be subdivided into three approaches: (i) non-confrontation, (ii) solution-oriented, and (iii) control.

Individuals who fit the non-confrontational approach tend to choose indirect strategies to deal with a conflict, seeking to avoid or withdraw from disagreements and use communicative behaviors, such as silence, to cover up differences and hide negative feelings. The solution-oriented approach involves individuals who opt for direct communication, with behaviors that aim to find a solution, integrate the needs of both parties, and give in or compromise contradictory issues. Finally, individuals characterized by the control approach establish direct communication to discuss disagreements, persistently arguing, taking control or assuming the interaction, and defending someone's opinion (Putnam & Wilson, 1982).

Regarding how barriers previously experienced in communication and cooperation influence a potential dependence on the internal auditors' work, Brody (2012) identified that, besides client risks and internal audit quality, external auditors' trust may depend on their willingness to confront management or avoid conflict, as well as their perceptions of whether it is pleasant or unpleasant to work with internal audit teams.

The audit process involves ongoing communication between external auditors and clients, specifically internal auditors. In this sense, communication barriers can affect the quantity and quality of interaction (Brody, 2012). Thus, overcoming a conflict often depends on the conflict management method auditors choose. For example, while individuals who consider conflict harmful tend to avoid or analyze it with suspicion, in addition to encouraging consensus and repressing disagreements, others may view conflict as unpleasant though productive and constructive (Brody, 2012).

The literature argues that different individuals respond differently to the same situation according to their style of managing conflicts in the organizational context. According to Brody (2012), individuals less willing to actively engage with internal auditors may issue antecedent judgments that lead to the end, showing a greater willingness to accept the internal auditors' work and evaluate the audit function as reliable and valuable. However, individuals more willing to actively engage in other works with the internal auditors tend to make prior judgments that lead to further investigation and greater work demand.

That said, the strategies adopted by external and internal auditors in organizational conflicts are expected to change the perception of the elements behind trust and cooperation in the audit function. Hence, this study's hypothesis summarizes this expectation.

H₁: The auditors' behavior in organizational conflicts influences trust and cooperation between internal and external auditors.

3. Methodological Procedures

3.1 Population and sample

The study population included internal and external auditors working in Brazilian companies. To identify external auditors, the list of independent auditors from the *Cadastro Nacional de Auditores Independentes (CNAI)* [National Registry of Independent Auditors], Federal Accounting Council (CFC) was used. Within the scope of internal auditors, we considered auditors certified by the *Instituto dos Auditores Internos do Brasil (IIA Brasil)* [Institute of Internal Auditors of Brazil], in addition to those whose position reported in the LinkedIn® network is internal auditor. The study population comprised 1,619 internal auditors and 4,404 external auditors.

Considering the total number of internal and external auditors, the study sample was based on an initial search for active registrations on LinkedIn® for two months. Therefore, 1,438 internal auditors and 2,756 external auditors were contacted. The final sample consisted of the valid responses of 226 internal and 267 external auditors.

3.2 Study's constructs and instrument

The instrument applied to internal and external auditors included the constructs of trust and cooperation and organizational conflicts, in addition to questions intended to characterize the respondents. The questionnaire was structured on the Google Docs platform and made available through the link: <https://docs.google.com/forms/d/e/1FAIpQLSd0GflwXcrD77V4u7AQs-i8sqR4jdjhwTIyRKxDhacUBE1bOA/viewform>

The study constructs, used to synthesize the variables, are described in Table 1.

Table 1

Study variables

Construct	Description	Questions	Scale	Reference
Sample characteristics	Age	5 questions	-	-
	Sex			
	Position			
	Experience in Auditing			
	Work in one of the Big Four*			
Trust and Cooperation	Elements considered in the decision to trust or cooperate.	21 statements	7-point Likert Scale "Not Relevant at all" – "Totally Relevant"	Morais and Franco (2019)
Organizational conflicts	Measurement of interpersonal strategies when facing organizational conflicts, subdivided into three dimensions: (i) non-confrontation, (ii) solution orientation, and (iii) control.	Non-confrontation 12 items	7-point Likert Scale "Totally disagree" – "Totally agree"	Putnam and Wilson (1982)
		Solution-oriented 11 items		
		Control 7 items		

*Concerning only the external auditors.

Issues related to the organizational conflict construct are subdivided into three dimensions, based on which one can identify the strategies employed by auditors when facing organizational conflicts. Auditors may obtain a score between 12 and 84 in the non-confrontation dimension. Next, a score between 11 and 77 may be obtained in the solution-oriented dimension, indicating a low to high solution-oriented profile. Finally, auditors may score between 7 and 49 in the control dimension, ranging from low to high profile. Table 2 summarizes the issues inherent to each dimension.

Table 2

Instrument to analyze organizational conflicts

Dimension	Statements	
Non-Confrontation	I avoid topics that are a source of dispute.	
	I avoid unpleasant situations.	
	When I suspect a person wants to discuss a disagreement, I try to avoid it.	
	I keep quiet about my opinions to avoid disagreements.	
	I withdraw when someone confronts me about a controversial issue.	
	I avoid disagreements when they arise.	
	I keep my opinion instead of arguing.	
	I try to smooth over disagreements, making them seem unimportant.	
	I ease conflict by claiming our differences are trivial.	
	I underestimate the importance of the disagreement.	
	I reduce disagreements by saying they are insignificant.	
	I make our differences seem less severe.	
	Solution-oriented	I harmonize my ideas with those of others to create alternatives to resolve a conflict.
		I suggest solutions that combine a variety of viewpoints.
I compromise my ideas a little when the other person also compromises.		
I offer creative solutions when discussing disagreements.		
I suggest that we work together to create solutions to disagreements.		
I try to use everyone's ideas to generate solutions to problems.		
I offer exchanges to reach disagreement solutions.		
I tend to give in a little if the other person comes to me during the process.		
I find opposition amid our differences.		
I integrate arguments into a new solution from issues raised in a dispute.		
I will go little by little to reach an agreement.		
Control	I insist that my position be accepted during a conflict.	
	I emphasize my point by slamming my fist on the table.	
	I raise my voice to get someone else to accept my position.	
	I assert my opinion forcefully.	
	My arguments dominate until the other person understands my position.	
	I insistently defend my position on her.	
I stand firm in my opinions during a conflict.		

Source: adapted from Putnam and Wilson (1982).

Table 2 shows that the items that compose the dimensions of the organizational conflict construct are based on aspects of the communication adopted by the auditors when facing conflicting situations.

3.3 Data analysis

Descriptive statistics were initially used in data analysis, considering the questions that characterized the sample and the organizational conflict construct. Next, exploratory factor analysis was performed for the items referring to the construct of trust and cooperation in the relationship between internal and external auditors. Using factor analysis, we sought to synthesize the relationships between a set of interrelated variables to identify common factors (Fávero et al., 2009). Hence, the 21 elements of trust and cooperation were grouped into common factors. Finally, the factors generated by the factor analysis are analyzed in terms of descriptive statistics and, later, were used as dependent variables in the main analysis.

The main analysis, which seeks to analyze whether the behavior of auditors in organizational conflicts is related to trust and cooperation between internal and external auditors, involves the operationalization of Equations 1 and 2. Initially, the trust and cooperation factors are related to the auditors' characteristics, according to Equation 1.

$$Dep = \beta_0 + \beta_1 TA + \beta_2 ID + \beta_3 SX + \beta_4 EXP + \beta_5 CA_Senior + \beta_6 CA_Manager + \beta_7 CA_Director + \varepsilon \quad (1)$$

Where:

Dep = corresponds to the dependent variable, alternating between the factors obtained by the factor analysis regarding the items trust and cooperation: (i) Collaboration and Work Sharing; (ii) Work Operationalization; and (iii) Expertise.

TA = corresponds to the type of auditor. It is a dummy variable in which 1 is assigned to internal auditors and 0 to external auditors.

ID = corresponds to the auditors' age.

SX = corresponds to the auditors' sex. It is a dummy variable in which 1 is assigned to Women and 0 to men.

EXP = corresponds to the auditors' experience with auditing.

CA_Senior = corresponds to auditors Senior. It is a dummy variable in which 1 is assigned to auditors Senior and 0 otherwise.

CA_Manager = corresponds to auditors Managers. It is a dummy variable in which 1 is assigned to auditors Managers and 0 otherwise.

CA_Director = corresponds to auditors Directors. It is a dummy variable in which 1 is assigned to auditors Directors and 0 otherwise.

ε = random error term.

Next, the variables concerning the three dimensions of the Organizational Conflicts construct were included: Non-Confrontation (CO_NC), Solution Orientation (CO_OS), and Control (CO_C), according to Equation 2.

$$Dep = \beta_0 + \beta_1 TA + \beta_2 CO_NC + \beta_3 CO_OS + \beta_4 CO_C + \beta_5 ID + \beta_6 SX + \beta_7 EXP + \beta_8 CA_Senior + \beta_6 CA_Manager + \beta_7 CA_Director + \varepsilon \quad (2)$$

Where:

CO_NC = corresponds to the non-confrontation dimension when facing organizational conflicts.

CO_OS = corresponds to the solution-oriented dimension when facing organizational conflicts.

CO_C = corresponds to the control dimension when facing organizational conflicts.

All the models were operationalized using the multiple linear regression technique by the Ordinary Least Squares method.

4. Presentation and analysis of results

4.1 Sample characterization

Table 1 presents the sample's characteristics according to internal auditors (Panel A) and external auditors (Panel B).

Table 1
Sample characterization

Panel A: Internal auditors						
Experience						
Sex	1-5 years	6-10 years	11-20 years	21-30 years	+ 30 years	Total
Female	17	20	13	3	1	54
Male	64	44	45	17	2	172
Total IA	81	64	58	20	3	226

Panel B: External Auditors								
Experience								
Sex	Firma	1-5 years	6-10 years	11-20 years	21-30 years	+ 30 years	Subtotal	Total
Female	BigFour	11	11	4	1	0	27	52
	Not BigFour	5	14	3	3	0	25	
Subtotal		16	25	7	4	0		
Male	BigFour	19	47	26	6	5	103	215
	Not BigFour	15	21	45	19	12	112	
Subtotal		34	68	71	25	17		
Total EA		50	93	78	29	17		267

Note. IA: Internal auditors; EA: External auditors

Regarding gender, there is a predominance of male auditors, both in the context of internal and external audits. This finding is consistent with the profile of auditors, in which the profession tends to be predominantly occupied by men.

Regarding professional experience in the audit field, most respondents are at the beginning of their careers; few respondents reported an experience of more than 20 years. Furthermore, in the context of external auditing, women are clearly less experienced in the field. This finding may be explained by current changes in the profile of auditors.

Finally, the performance of external auditors in Big Four accounting firms does not tend to be a factor differentiating them from auditors working in non-Big Four firms in terms of professional experience.

4.2 Descriptive statistics of the auditors' behavior when facing organizational conflicts

Table 2 presents the descriptive statistics regarding the behavior profile of internal and external auditors when facing organizational conflicts according to sex.

According to Table 2, both internal auditors and external auditors lean towards the solution-oriented dimension when facing organizational conflicts. In addition, it seems that the auditors' sex does not influence this tendency. Furthermore, the auditors showed a lower level of non-confrontation and control behavior when facing organizational conflicts.

In general, the mean score obtained by the internal auditors in the solution-oriented dimension was above 56 in a maximum of 77 points, which corresponds to 72.7%. Therefore, within the scope of external auditors, the mean score above 55 points characterizes them with 71.4%.

Table 2

Descriptive statistics of the auditors' behavior when facing organizational conflicts

Panel A: Internal auditors												
Dimensions	Interval	Mean		SD		Median		Minimum		Maximum		
		M	W	M	W	M	W	M	W	M	W	
Non-Confrontation	12-84	33.6	33.5	13.8	11.0	30	33.5	12	14	84	57	
Solution-oriented	11-77	57.4	56.7	9.4	8.29	58	57	12	34	77	72	
Control	7-49	23.4	24.6	7.6	6.92	22.5	25	7	9	49	43	
Panel B: External Auditors												
Dimensions	Interval	Mean		SD		Median		Minimum		Maximum		
		M	W	M	W	M	W	M	W	M	W	
Non-Confrontation	12-84	Big4	35.4	32.6	16.0	9.7	32	31	12	18	84	64
		NBig4	31.3	36.7	12.1	12.2	30	35	12	20	77	62
Solution-oriented	11-77	Big4	54.2	55.0	10.6	10.5	56	57	21	27	77	69
		NBig4	53.0	55.3	9.7	7.3	53	57	15	34	74	73
Control	7-49	Big4	25.0	24.4	7.9	6.6	25	24	7	13	49	38
			23.9	22.2	7.0	7.0	24	22	7	11	42	37

Note. SD: Standard Deviation; M: Men; W: Women.

The predominance of profiles leaning toward the solution of conflicts shows that both internal and external Brazilian auditors tend to directly communicate during conflicts, expressing behaviors that facilitates finding a solution, either by reconciling the needs of both parties or reaching a compromise (Putnam & Wilson, 1982). Furthermore, in line with Paino et al. (2015), the work style of the auditors addressed here can be defined as active, as they tend to delve deeper into issues underlying conflicts to substantiate them.

These observations are confirmed by the percentages obtained: 39.2% of internal auditors and 41.6% of external auditors showed a predominance of a non-confrontational profile. Finally, in terms of control, the percentage of internal (48.9%) and external (51.0%) auditors in this profile can be considered a complement to the active profile characteristic of auditors since this dimension encompasses direct communication, with persistent argumentation and taking control or interaction (Putnam & Wilson, 1982).

4.3 Exploratory factor analysis of trust and cooperation

Table 3 presents the trust and cooperation items distribution according to factors. The answers' validity and reliability were verified to confirm the sample's adequacy. According to Hair et al. (2009), the factor loadings depend on the size of the validation sample. For a sample of over 350 respondents, values from 0.30 are considered significant to ensure statistical robustness. Normality was verified using the Bartlett sphericity test (0.000) and the Kaiser-Meyer-Olkin (KMO) value (0.93).

According to the variance explained, the factor understood as collaboration and work sharing (47.35%) appears as the most important factor for establishing trust and cooperation in the relationship between internal and external auditors. This factor aggregates items related to the audit work performance from a high interaction level between internal and external audits. More precisely, the joint action of both audits regarding the development of audit planning, work coverage map, and convergence between the techniques used can improve trust and cooperation between the groups of auditors. Additionally, it is clear that sharing information, in addition to communication, are important factors influencing the decision on whether to trust and cooperate in the audit function.

Table 3

Factor analysis of the trust and cooperation items

Extracted Factors	Items	Factor Weights			h ²
		F1	F2	F3	
Factor 1 Collaboration and Work Sharing	15. If necessary, both audits jointly adjust the audit plans.	0.857			0.760
	13. Participation in the joint development of the full coverage map of the internal and external audit work.	0.819			0.742
	14. External audit and internal audit are jointly assessed for the effectiveness and efficiency of coordination, including total costs.	0.808			0.731
	16. Sharing Risk Assessments.	0.770			0.693
	17. Joint discussion of audit, risk management, and internal controls issues.	0.749			0.697
	12. Holding joint and periodic meetings to ensure coordination and minimize duplicated efforts.	0.716			0.678
	19. Not duplicate work performed by internal audit or external audit if work is of the same nature and scope.	0.660			0.486
	18. Include recommendations proposed by internal audit or external audit in your follow-up work.	0.618			0.577
	20. Communication of discrepancies between internal audit and external audit to management.	0.576			0.477
	10. Using similar techniques, methods, and terminology between external audit and internal audit.	0.445			0.436
Factor 2 Work Operationalization	05. Good knowledge of the audited entity (client) processes, operations, and procedures.		0.837		0.792
	09. Obtaining sufficient, appropriate and consistent audit evidence with the opinion expressed.		0.832		0.778
	06. Good knowledge of the risk management processes and internal controls of the audited entity (client).		0.814		0.790
	08. Preparing complete and consistent audit reports.		0.788		0.733
	04. Following international standards of auditing practices.		0.633		0.679
	21. Internal audit work is effectively planned.		0.631		0.534
	11. Provision of all reports and other documents to an external audit or internal audit.		0.483		0.507
Factor 3 Expertise	02. Professional certification.			0.852	0.781
	01. Appropriate academic training.			0.688	0.625
	03. High professional experience in external audit/internal audit.			0.590	0.663
	07. Using auditing software to perform the audit.			0.586	0.520
	Total eigenvalues	9.94	2.61	1.12	
	% explained variance	47.35	12.43	5.34	

The items related to the operationalization of the audit work were grouped in factor 2, with an explained variance of 12.43%. In this factor, trust and cooperation between internal and external auditors tend to depend on a good level of knowledge about auditing processes and standards, in addition to providing and obtaining adequate and sufficient evidence and preparing complete and consistent reports.

Finally, items related to the auditors' expertise, such as obtaining professional certifications, training, technological improvement in the audit process, and experience, showed an explained variance of 5.34%. Thus, aspects of the auditors' level of competence tend to impact trust and cooperation between internal and external auditing; however, it is not the factor with the highest explanatory power.

Some of these findings are consistent with those reported by Morais and Franco (2019). The competence of Portuguese auditors was also interpreted as the factor with the least explanatory power regarding the decision to trust and cooperate. Such evidence contradicts previous studies (Haron et al., 2004; Al-Twajry et al., 2004; Mihret & Admassu, 2011) that support that competence and experience are factors associated with trust between internal and external auditors.

As opposed to Morais and Franco (2019), Brazilian auditors tended to decide about trust and cooperation mainly based on elements related to the interaction between internal and external audits (Factor 1). In turn, the auditors in the Portuguese context perceive the items concerning work operationalization as more important to influence trust and cooperation in audit processes.

Next, a statistical analysis is performed to address the factors identified in the factor analysis according to sex and the accounting firms' structure (the latter, for external auditors only). Table 4 presents a summary of the results.

Table 4
Descriptive statistics of the trust and cooperation factors

Panel A: Internal auditors											
Factors	Intevalr	Mean		SD		Median		Minimum		Maximum	
		M	W	M	W	M	W	M	W	M	W
Factor 1	10-70	57.0	59.8	12.5	9.9	60	63	10	35	70	70
Factor 2	7-49	39.6	39.9	4.0	2.7	41	41	7	31	42	42
Factor 3	4-28	23.9	23.6	4.0	3.7	25	24	6	9	28	28

Panel B: External auditors												
Factors	Intevalr	Mean		SD		Median		Minimum		Maximum		
		M	W	M	W	M	W	M	W	M	W	
Factor 1	10-70	Big4	52.5	50.5	13.7	13.3	57	55	19	24	70	70
		NBig4	53.3	54.0	12.3	9.6	55	54	12	37	70	70
Factor 2	7-49	Big4	36.0	37.4	6.9	5.9	37	39	6	18	42	42
		NBig4	36.9	39.9	6.3	2.2	39	41	6	34	42	42
Factor 3	4-28	Big4	21.3	23.7	5.3	4.3	22	25	6	9	28	28
		NBig4	23.1	24.2	4.6	4.1	24	26	6	14	28	28

Note. SD: Standard Deviation; M: Men; W: Women. Factor 1: Collaboration and Work Sharing; Factor 2: Work Operationalization; Factor 3: Expertise.

Even though the mean values of each factor are similar for both internal and external auditors, the minimum values characteristic of women working in internal and external auditing for the three factors stand out. Women generally rate aspects related to trust and cooperation from the second point on the 7-point Likert scale ranging from “Not at all relevant to Totally relevant”. This finding suggests that women consider that no element is “not relevant at all” to determine whether to establish trust and cooperation between internal and external auditors.

Furthermore, the performance of external auditors working in one of the Big Four firms cannot be interpreted as a condition that distinctly impacts the level of trust and cooperation between auditors.

4.4 Analysis of the relationships

Table 5 presents the analysis of the relationship between the trust and cooperation factors and the auditors' characteristics, such as type (internal or external), age, gender, experience, and position.

Table 5

Results of the relationship between the auditor's characteristics and the trust and cooperation factors

	Collaboration and Work Sharing	Work Operationalization	Expertise
	Coefficient (Est. t)	Coefficient (Est. t)	Coefficient (Est. t)
Type of Auditor (IA/EA)	5.104*** (4.10)	2.692*** (5.71)	1.237*** (2.79)
Age	0.043 (0.46)	0.021 (0.49)	0.066** (2.10)
Sex	1.207 (0.96)	1.382*** (2.89)	0.937** (2.02)
Experience	0.072 (0.63)	0.011 (0.25)	-0.021 (-0.56)
Position_Senior	-1.330 (-0.63)	-0.996 (-1.31)	-0.862 (-1.14)
Position_Manager	-1.309 (-0.61)	-1.937** (-2.42)	-1.214 (-1.58)
Position_Director	-0.723 (-0.28)	-0.636 (-0.75)	-0.201 (-0.24)
R ²	0.045	0.087	0.047
Mean VIF	2.87	2.87	2.87
<i>Durbin Watson</i>	1.94	1.98	1.99
Model's significance	0.000	0.000	0.003
No. of Observations	493	493	493

* Significance at 0.10; ** 0.05; *** 0.01.

Note. IA: Internal auditor; EA: external auditor; VIF: Variance Inflation Factor.

The results reveal that the type of auditor (dummy variable, where 1 represents internal auditors and 0 external auditors) in the general sample is positively and significantly associated at 1% with collaboration and work sharing, work operationalization, and expertise. In this sense, internal auditors, more than external auditors, indicate that collaboration and work sharing, work operationalization, and expertise can improve trust and cooperation between internal and external audits.

According to Morais and Franco (2019), a greater perception of internal auditors regarding the trust and cooperation factors may be related to their understanding of organizational processes and standards, believing in the benefits of cooperation and its contribution to completing the external audit process (Ramasawmy & Ramen, 2012).

Regarding the auditors' characteristics, gender tends to impact the relationship of trust and cooperation, especially concerning work operationalization, in which a significant relationship was verified at the 1% level, as well as expertise at 5%. These findings enable us to infer that women distinctively assess the elements regarding trust and cooperation between internal and external auditors.

Furthermore, cooperation and trust based on the auditors' level of expertise may be related to their age. As a result, older auditors may interpret the importance of elements related to experience, training, and certifications differently when deciding whether to trust and cooperate. Finally, a negative and significant relationship at the 5% level was identified between the performance of auditors in management positions and trust and cooperation in relation to the work operationalization factor. This result is somewhat consistent with the evidence provided by Paino et al. (2015) that the role of external auditors influences one's judgment on whether to internal auditors' activities.

The non-significant results between the auditors' professional experience and the trust and cooperation factors contradict some previous studies (Desai et al., 2010; Sarens & Christopher, 2010) but corroborate the evidence obtained by Morais and Franco (2019) in Portugal.

Next, the dimensions related to the behavior of auditors when facing organizational conflicts were included (according to Equation 2) to verify whether the predominance of certain attitudes can change the level of trust and cooperation between internal and external auditors. Table 6 presents the results.

Table 6

Results concerning the relationship between organizational conflicts and trust and cooperation

	Collaboration and Work Sharing	Work Operationalization	Expertise
	Coefficient (Est. t)	Coefficient (Est. t)	Coefficient (Est. t)
Type of Auditor (IA/EA)	4.327*** (3.60)	1.885*** (4.22)	0.776* (1.79)
CO_Dimension1	0.034 (0.76)	-0.093*** (-3.99)	-0.032** (-1.97)
CO_Dimension2	0.433*** (5.95)	0.272*** (6.02)	0.179*** (6.01)
CO_Dimension3	0.170** (2.09)	0.000 (0.03)	0.017 (0.64)
Age	-0.008 (-0.10)	0.007 (0.20)	0.053* (1.81)
Sex	0.992 (0.79)	1.231*** (2.82)	0.841* (1.92)
Experience	0.051 (0.48)	-0.025 (-0.57)	-0.040 (-1.14)
Position_Senior	-1.594 (-0.80)	-0.950 (-1.30)	-0.870 (-1.22)
Position_Manager	-1.309 (-0.66)	-1.747** (-2.36)	-1.128 (-1.57)
Position_Director	1.277 (0.51)	0.045 (0.06)	0.405 (0.48)
R ²	0.188	0.293	0.178
Mean VIF	2.42	2.42	2.42
Durbin Watson	1.91	1.97	1.92
Model's significance	0.000	0.000	0.000
No. of observations	493	493	493

* significance at 0.10; ** 0.05; *** 0.01.

Note. IA: internal auditor; EA: external auditor; CO_Dimension1: Non-confrontation dimension of the Organizational Conflicts construct; CO_Dimension2: Solution-oriented dimension of the Organizational Conflicts construct; CO_Dimension3: Control dimension of the Organizational Conflicts construct; VIF: Variance Inflation Factor.

Table 6 highlights the values related to R^2 found in the models after the inclusion of variables related to the behavior of auditors facing organizational conflicts. The inclusion of these variables allows us to infer that the behavior of auditors presents greater explanatory power on the elements considered important for trust and cooperation between internal and external auditors compared to the auditors' characteristics.

The first model shows a positive and significant relationship at 1% and 5% with the solution-oriented (CO_Dimension2) and control (CO_Dimension3) dimensions, respectively. Furthermore, the involvement of auditors in organizational conflicts, expressing attitudes that indicate a tendency towards solution-oriented and control tends to improve trust and cooperation based on collaboration and work sharing.

Regarding the second and third models, a negative and significant relationship is found between the non-confrontation dimension (CO_Dimension1) and the trust and cooperation factors related to work operationalization and expertise. These results show that auditors with a profile oriented towards non-confrontation tend to decrease the level of interaction between internal and external auditors.

Conversely, the positive and significant relationship between the variables indicates that auditors with profiles oriented towards conflict resolution (CO_Dimension2) manage to improve the level of trust and cooperation in the work operationalization and expertise factors.

That said, this study's hypothesis H_1 failed to be rejected, considering that the behavior of auditors in organizational conflicts influences trust and cooperation between internal and external auditors.

5. Conclusions

This study analyzed the influence of auditors' behavior in situations of organizational conflicts on the level of trust and cooperation between internal and external auditors. A questionnaire was sent, via the LinkedIn® network, to internal and external auditors working in Brazil to identify the important factors influencing trust and cooperation in the audit process and the behavior of auditors when facing organizational conflicts. The responses of 226 internal auditors and 267 external auditors, collected between March and April 2020, were considered valid.

The results presented three factors that are common to internal and external auditors regarding trust and cooperation: (i) collaboration and work sharing, (ii) work operationalization, and (iii) expertise. Collaboration and work sharing proved to be the most relevant factor for establishing trust and cooperation between auditors. Thus, there is a high level of interaction between Brazilian internal and external auditors, with good communication between the parties, and the ability to express differences and gather efforts to devise plans and audit processes, which are the main characteristics guiding the decision on whether to trust and cooperate.

As for the differences concerning the auditors' area of activity, this study supports that internal auditors perceive collaboration, work sharing, work operationalization, and expertise as factors that contribute to establishing a relationship of trust and cooperation between the parties. Furthermore, the auditors' characteristics, such as gender, age, and position, may be aspects that influence auditors to trust and cooperate during audit processes.

The profile of auditors when facing organizational conflicts directed towards a search for solutions can improve the level of trust and cooperation between internal and external auditors. Thus, the ability to resolve conflicts, whether by reconciling positions or reconsidering previously established opinions, are characteristics that impact the audit process.

In addition, the position of auditors regarding avoiding situations that generate conflicts and choosing not to express opinions about divergences may decrease the level of trust and cooperation pertinent to work operationalization and expertise. Thus, non-confrontational behaviors or behaviors not aimed at conflict resolution may not promote trust and cooperation between internal and external auditors.

This study's evidence is relevant for regulatory bodies, accounting firms, and audit committees due to the importance of observing the profile of auditors when facing conflicts. Additionally, the results can contribute to building collaborative audit teams, both internally and externally, which can positively impact audit quality.

The implications for the scientific field concern a greater understanding of the factors influencing the level of cooperation and trust in the relationship between internal and external auditors, especially among Brazilian auditors. Additionally, it advances the analyses related to audit efficiency and quality, looking at the impact of behavioral factors, such as the profile of auditors when facing organizational conflicts.

Future studies may address trust and cooperation from the perspective of non-auditors, such as directors or managers who use the information provided in audit functions. Hence, further research addressing the profile of auditors when facing organizational conflicts is suggested to relate the profile of auditors to the efficiency and quality of the audit process itself.

Finally, caution is needed regarding the generalization of this study's results. First, the possibility that one's attitude towards organizational conflicts, as reported by the internal auditors, is influenced by their employment contract is highlighted. Thus, the findings regarding the internal auditors' perceptions may result from factors intrinsic to the companies' internal processes or even to the senior management's needs and objectives. Furthermore, the option to analyze organizational conflicts regarding communication criteria (Putnam & Wilson, 1982) restricts the interpretation of results, not allowing a more specific analysis, such as relating them to the behavior of auditors when making accounting decisions.

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