

Presenting Data Analytics with Nonfinancial Data: The Effect of Visualizations on Managers' Acceptance of an Internal Auditor's Recommendation

ABSTRACT: Current technology provides internal auditors access to more nonfinancial data (NFD) sources to support recommendations to managers, and many visualizations are available to facilitate turning data into knowledge. As prior research finds a bias for financial data, it is unclear how managers will integrate newer, NFD when data sources conflict in their inferences. We hold constant that financial data does not support the internal auditor's recommendation, and draw on visualization and cognitive fit theory to develop a moderated-mediation model of how managers' likelihood of accepting an internal auditor's recommendation is influenced jointly by the: (1) evaluability of visual representations for NFD and (2) extent to which NFD supports the recommendation. Results from two experiments with different operationalizations of evaluability indicate that integration of NFD sources into judgments depends on how the visualization of data is presented. Our findings contribute to literature in auditing, accounting information systems, and managerial accounting.

Keywords: internal audit; data analytics; visualization; information presentation; nonfinancial data; competence; manager judgment and decision making

Data Availability: Contact the authors