Prompting the Benefit of the Doubt: The Joint Effect of Auditor-Client Social Bonds and Measurement Uncertainty on Audit Adjustments

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Compliance with Data Policy for the Journal of Accounting Research

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1. **A description of which author(s) handled the data and conducted the analyses.**

   Both authors were involved in data collection (captured through z-Tree and a paper post-experimental questionnaire). Ben Van Landuyt assumed primary responsibility for conducting the experimental sessions, with an assistant also present at each session. Steven J. Kachelmeier frequently observed the sessions, such that both authors can attest that sessions were conducted as described in the article. Ben Van Landuyt was responsible for analyzing the z-tree output and for coding hard copy responses to post-experimental questionnaires. Both authors have full access to the data.

2. **A detailed description of how the raw data were obtained or generated, including data sources, the date(s) on which data were downloaded or obtained, and the instrument used to generate the data (e.g., for surveys or experiments).**

   See the article for a detailed description of the procedures used to generate the data. See the article's reference to Fischbacher [2007] for details on z-tree software for interactive economic experiments. Experimental sessions were conducted at the McCombs School of Business Behavioral Research Laboratory of the University of Texas at Austin on March 30, 2015, April 6, 2015, April 8, 2015, and April 22, 2015. Data were downloaded from z-tree immediately after each session. The experimental materials are provided as a separate file.

3. **If the data are obtained from an organization on a proprietary basis, the authors should *privately* provide the editors with contact information for a representative of the organization who can confirm data were obtained by the authors.**

   Not applicable.

4. **A complete description of the steps necessary to collect and process the data used in the final analyses reported in the paper. For experimental papers, we require information about subject eligibility and/or selection, as well as any exclusion criteria.**

   This information is provided in the article.

5. **Prior to final acceptance of the paper, the computer program used to convert the raw data into the dataset used in the analysis plus a brief description that enables other researchers to use this program.** *Instead of the program*, **researchers can provide a detailed step-by-step description that enables other researchers to arrive at the same dataset used in the analysis.**

   This information is provided at the end of this document.

6. **Data and programs should be maintained by at least one author (usually the corresponding author) for at least six years, consistent with National Science Foundation guidelines.**

   The authors will maintain the data for six years.

Procedures used to generate statistical test results

All variables are described in the manuscript. The experimental instrument is included as a separate document.

We relied on SPSS to estimate the independent sample *t*-tests reported in Table 2 and Footnote 13 (tests applied after partitioning data on the uncertainty variable). The code follows:

```
T-TEST GROUPS=SocialBond(1 0)
  /MISSING=ANALYSIS
  /VARIABLES=ManipulationCheck1 ManipulationCheck2 ManipulationCheck3
  /CRITERIA=CI(.95).
```

We relied on SPSS to estimate the 2×2 analysis of variance (ANOVA), including simple effects, underlying many of our results. The following code, applied to the corresponding dependent variable, generates results reported in Table 3, Table 4, Table 5, Table 6, and untabulated supplemental analyses related to audit risk conditioned on reporter behavior and auditors' priors:

```
UNIANOVA DependentVariable BY Uncertainty SocialBond
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /EMMEANS=TABLES(Uncertainty*SocialBond) COMPARE(SocialBond) ADJ(LSD)
  /PRINT=DESCRIPTIVE
  /CRITERIA=ALPHA(.05)
  /DESIGN= Uncertainty SocialBond Uncertainty*SocialBond.
```

The above code (modified for the appropriate dependent variable) is also relevant for the statistical results reported in Footnote 12 and Footnote 16.

For determination of the dependent variable used for the supplemental analyses of audit risk conditional on reporter behavior (Section 4.3.1) and auditor's predictions of reporter behavior (Section 4.3.2), see Appendix B to the manuscript and footnote 17.

Untabulated supplemental analyses related to controlling for performance in the trivia exercise (section 4.3.3) utilize the above code to test for differences in trivia performance. We use SPSS to estimate correlations between the number of trivia questions answered correctly and responses to manipulation checks:

```
CORRELATIONS
  /VARIABLES=QuestionsCorrect ManipulationCheck1 ManipulationCheck2
ManipulationCheck3
  /PRINT=TWOTAIL NOSIG
  /MISSING=PAIRWISE.
```

We repeat our primary analyses using the following SPSS code to control for the number of trivia questions answered correctly:

```
UNIANOVA DependentVariable BY Uncertainty SocialBond WITH QuestionsCorrect
  /METHOD=SSTYPE(3)
  /INTERCEPT=INCLUDE
  /EMMEANS=TABLES(Uncertainty*SocialBond) COMPARE(SocialBond) ADJ(LSD)
  /PRINT=DESCRIPTIVE
  /CRITERIA=ALPHA(.05)
  /DESIGN= QuestionsCorrect Uncertainty SocialBond Uncertainty*SocialBond.
```

As described in the manuscript, we apply contrast coding to analyses reported in Table 3 and Table 4. Specifically, we apply the following weights to the experimental cells:

        Uncertainty/Social Bond = 1
        Uncertainty/No Social Bond = -1/3
        Certainty/Social Bond = -1/3
        Certainty/No Social Bond = -1/3

Following Buckless and Ravenscroft [1990], we calculate the F statistic by dividing the contrast-weighted mean square by the mean square error from the respective standard 2×2 ANOVA model.