

DEVELOPING A CONCEPTUAL MODEL FRAMEWORK ON SETTING NEGOTIATION STRATEGIES IN AUDIT DECISION-MAKING PROCESSES

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Abstract: *Motivational factors and bargaining power are considered important elements for negotiation strategies by scholars and academics. However, there is few evidence up to date on the effect of these factors in the context of auditor client negotiation while adopting a decision making process framework. Therefore, the objective of this paper is to presents a Conceptual Model Framework that describes the decision-making process of auditors in terms of negotiation strategies. The research methodology involves the application of a thoughtful model that contains the the following elements: (a) perception motivational factors, and (b) bargaining power affecting the choice of negotiation strategy, and also identifies different pathways auditors use in their decision about negotiation strategies. Results show that only engagement risk perception influences the auditor to accept aggressive accounting treatments of the client. Further, it influences the use of all the negotiation strategies. On the other hand, client pressure has effect on compromising strategies, while bargaining power influences the concessionary strategy of auditors.*

Keywords: *engagement risk, client pressure, bargaining power, conceptual model, decision.*

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