

Professional judgment and decisions are never free from bias, study finds

September 22 2011

Lead author of the research, Professor Colin Ferguson from the Faculty of Business and Economics said the need for professional independence has always been recognized, but there has been little research on the factors that are likely to affect the independence of expert opinions.

“Accounting scandals in financial reporting have been an ongoing issue, through cases such as Enron in the United States and the ongoing Centro lawsuit in Australia.

Professional and unbiased judgement requires both independence and objectivity, however our study suggests that people are naturally inclined to an unconscious [bias](#).”

The research, entitled “Professional Independence and Attachment Bias: An Exploratory Study”, examined the nature of psychological bias and judgement in professional settings, through a moot court experiment that is designed to emulate a real court environment.

Dr. Larelle Chapple from the Australian National University, Mr. Peter Crofts, a Barrister at Law in Victoria and Ms Jane Hronsky from the University of Melbourne were co-authors in this research.

In a test designed as a financial accounting lawsuit, participants acting as forensic accountants were instructed to act as independent experts in a commercial damages dispute.

Professor Ferguson said that participants acted as expected by awarding higher damages to the defendant, despite prior instructions on the requirement for objective thought and an independent state of mind. Professor Ferguson regards this as a form of ‘self-serving bias’ in which people act unconsciously according to their own interests, while maintaining a belief in their own objectivity.

“This has implications for the corporate governance and accounting industries, which rely very much on professional decision-making,” he said.

“Ultimately, it might prove that independence of mind cannot be enforced or regulated in people, or in professional settings. Additionally, regulation of independence is usually costly and does not take into account natural and unconscious bias.”

“This also challenges the field of corporate governance and the credibility and professional opinions of independent directors and their audit committees, as well as expert witnesses in the court of law.”

Provided by University of Melbourne

Citation: Professional judgment and decisions are never free from bias, study finds (2011, September 22) retrieved 24 April 2024 from <https://phys.org/news/2011-09-professional-judgment-decisions-free-bias.html>

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