

## Summary of Paper: [The Impact of Cybersecurity Risk Management Examinations and Cybersecurity Incidents on Investor Perceptions and Decisions](#)

### **What is this Study About?**

The study examines how System and Organization Controls (SOC) for cybersecurity risk management examination services and subsequent cybersecurity incidents influence investors' perceptions of audit quality and investment decisions.

### **What are the major findings of the study?**

The researchers find that joint provisioning of cybersecurity examination services (when audit and cybersecurity services are provided by the same firm) can initially enhance investors' perceptions of auditor competence due to knowledge spillover effects. However, if a cybersecurity incident occurs later, this positive perception is reversed, and concerns about auditor independence and audit quality intensify, leading to decreased willingness to invest. Interestingly, investors showed a preference for cybersecurity examinations to be conducted by a provider separate from the financial audit firm, especially after a cybersecurity incident, highlighting the delicate balance between perceived auditor competence, independence, and the overall quality of the audits in the eyes of investors.

### **Why is the study important?**

This study is crucial because it addresses the increasingly significant issue of cybersecurity risk management in the business landscape and its implications for investor trust and financial decision-making. By examining how cybersecurity risk management examinations and incidents influence perceptions of auditor competence and independence, the research provides valuable insights into the effects of non-audit services on audit quality perceptions. The findings have practical implications for practitioners as regulators, investors, and boards are increasingly demanding information about organizations' cybersecurity risk management and companies are looking to auditors to provide cybersecurity services.