

Summary of Paper: [Does Audit Partner Industry Expertise Reduce Boilerplate Language in Key Audit Matter \(KAM\) Reporting?](#)

What is this study about?

This study examines whether audit partners with deep industry expertise produce more informative Key Audit Matter (KAM) disclosures by reducing the use of standardized, “boilerplate” language. Using a large dataset of 6,220 audit reports (containing 12,042 KAMs) from Taiwanese public companies between 2016–2019, the authors apply text analysis to measure how much of KAM reporting is generic versus client-specific.

What are the major findings of the study?

The study finds that industry specialist audit partners use about 9% less boilerplate language compared to non-specialists. On average, 38.6% of KAM content is boilerplate, highlighting a meaningful opportunity for improvement. Importantly, less boilerplate is associated with better information quality, as shown by reduced analyst forecast dispersion. A one standard deviation reduction in boilerplate is associated with a 43% decrease in average forecast dispersion, suggesting clearer, more decision-useful disclosures. However, the study also finds that boilerplate language in KAM reporting has increased over time, suggesting a risk that disclosures may gradually become more standardized.

Why is the study important?

For auditors, the findings reinforce the value of industry specialization in improving audit communication quality. For regulators and standard setters (e.g., PCAOB, IAASB), the results validate the intent behind expanded audit reporting standards like ISA 701—encouraging entity-specific insights rather than generic disclosures. Investors and analysts benefit from clearer risk disclosures, which can improve valuation accuracy.

What is the impact on professional practice and society at large?

The study suggests that improving KAM specificity can enhance market transparency and investor decision-making, potentially reducing information asymmetry. Audit firms may need to invest more in industry-focused training and partner specialization. At a societal level, more informative audit reports strengthen trust in financial reporting and capital markets, while reducing the risk that disclosures devolve into compliance-driven, low-value boilerplate.