

Determinants of Auditor Switching: A Synthesis of Firm- and Auditor-Specific Factors

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ARTICLE INFO

Article history:

Submission Date: 02 July 2025

Accepted Date: 03 August 2025

Published Date: 01 September 2025

VOLUME: Vol.05 Issue09

Page No. 1-10

ABSTRACT

Purpose: This paper aims to provide a comprehensive investigation into the determinants of auditor switching. By systematically reviewing and synthesizing key academic literature, it develops an integrated conceptual framework to explain why companies change their external auditors.

Design/methodology/approach: The study employs a systematic literature review and thematic synthesis. It draws upon 15 seminal and contemporary articles in the fields of accounting and auditing. The analysis is grounded in Agency Theory to interpret the motivations and conflicts that precipitate a change in the auditor-client relationship. Determinants identified in the literature are categorized into client-specific, auditor-specific, and relational/market factors to build a coherent explanatory model.

Findings: The synthesis confirms that auditor switching is a multifaceted phenomenon driven by a confluence of factors. Key determinants include client financial distress [4], the pursuit of lower audit fees [1, 15], and dissatisfaction with perceived audit quality [9]. Corporate governance mechanisms, particularly the role of the audit committee, are crucial in mediating these decisions, especially following adverse audit opinions [7]. Furthermore, the analysis reveals a complex relationship between auditor tenure and switching, where both very short and very long tenures can increase the likelihood of change [2, 10].

Originality/value: The paper's primary contribution is its creation of a holistic, integrated framework from a previously fragmented body of research. It offers a clear and structured understanding of auditor switching dynamics, providing significant value to corporate boards, audit practitioners, investors, and regulators by demystifying the signals associated with an auditor change.

Keywords: Auditor Switching, Auditor Change, Audit Quality, Corporate Governance, Audit Fees, Auditor Tenure.

INTRODUCTION

1.1. Background

In the architecture of modern capital markets, the external auditor serves as a cornerstone of trust and transparency. The primary function of an external audit is to provide an independent, objective opinion on whether a company's financial statements are presented fairly, in all material respects, in accordance with a relevant financial reporting framework [5]. This independent verification is fundamental to the efficient allocation of capital in an economy, as it reduces information asymmetry between a company's management and its external stakeholders, including investors, creditors, and regulators. The credibility of financial reporting hinges on the integrity and independence of the audit function. As Bédard and Gendron [8] assert, the external auditor is a key component of the financial reporting system, whose effectiveness is paramount for robust corporate governance. The auditor's role extends beyond mere verification; it enhances the confidence of shareholders and the public in the governance and stewardship of the company's management [13]. Without a credible audit function, the reliability of financial information would be severely compromised, leading to increased risk, higher costs of capital, and diminished market confidence.

Central to the audit's value is the principle of auditor independence. Independence is the bedrock upon which the entire audit profession is built, requiring the auditor to be free from conflicts of interest that could impair their objectivity and professional skepticism. DeAngelo [1] defines auditor independence as the conditional probability that an auditor will report a discovered breach in a client's accounting system. This concept is not merely a regulatory requirement but the very essence of the audit's value proposition. Any event that calls this independence into question can have profound implications for the market's perception of a company. One such event, which has been the subject of considerable academic and regulatory scrutiny, is the act of auditor switching. The decision by a company to dismiss its incumbent auditor and engage a new one is a significant corporate event. While it can be a routine part of corporate life, it can also signal deeper underlying issues, making the study of its determinants a critical area of inquiry.

Frontline Marketing, Management and Economics Journal

1.2. Problem Statement

Auditor switching, or auditor change, is a complex phenomenon within the market for audit services [6]. On one hand, the ability of a company to change its auditor is a vital feature of a competitive market. It allows firms to seek better service, industry expertise, or more competitive fees, thereby fostering efficiency and quality among audit providers. However, the act of switching is far from a simple commercial transaction. It often attracts significant attention from the market because it can be symptomatic of fundamental disagreements between the client and the auditor regarding accounting principles, audit scope, or the issuance of a qualified or adverse audit opinion [14].

The core problem is that the motivations behind an auditor switch are often opaque to outside observers. A switch may be initiated for benign reasons, such as a mandatory audit firm rotation policy, a desire for a fresh perspective, or a change in corporate needs following a merger or acquisition. Conversely, a switch may be driven by more concerning motives. The practice of "opinion shopping," where a company actively seeks an auditor who will concur with a questionable accounting treatment, represents a significant threat to financial reporting quality. Similarly, a switch following the receipt of a going-concern opinion—an auditor's expression of substantial doubt about the entity's ability to continue as a going concern—is often viewed as a red flag by investors [7]. A company may switch auditors to avoid a difficult relationship or in the hope that a new auditor will be more lenient. Understanding the factors that precipitate these changes is therefore crucial for all stakeholders. Investors need to be able to interpret the signal of an auditor switch correctly. Regulators need to design rules that promote audit quality without unduly restricting legitimate commercial decisions. Audit firms themselves need to understand the dynamics of client retention and competition [15]. The central question, therefore, is: what are the key factors that determine a firm's decision to switch its external auditor?

1.3. Research Objectives

The primary objective of this paper is to conduct a systematic review and synthesis of the existing academic literature to identify, categorize, and analyze the principal determinants of auditor switching. The study seeks to move beyond a

simple enumeration of factors and aims to construct a coherent conceptual framework that organizes these determinants in a logical and interconnected manner.

The secondary objectives of this research are threefold:

1. To ground the analysis of auditor switching within established theoretical paradigms, primarily Agency Theory, to provide a robust explanation for the underlying conflicts and motivations [1, 6].
2. To critically evaluate the empirical evidence associated with various determinants, including client-specific attributes (e.g., financial health, governance), auditor-specific characteristics (e.g., fees, tenure, quality), and the nature of the auditor-client relationship [4, 10, 14].
3. To discuss the practical and theoretical implications of the synthesized findings, offering insights for corporate decision-makers, audit professionals, investors, and regulatory bodies concerned with the integrity of the audit market.

By achieving these objectives, this paper aims to provide a definitive and integrated overview of the current state of knowledge on auditor switching, clarifying the complex interplay of forces that drive this critical corporate decision.

1.4. Significance of the Study

The significance of this study is multifaceted. First, the body of literature on auditor switching is extensive but also fragmented, with different studies often focusing on a narrow set of variables or specific market contexts [11, 12]. This paper provides a significant contribution by synthesizing these disparate findings into a single, comprehensive conceptual framework. Such a synthesis is invaluable for researchers entering the field, providing a structured overview of the key theories, variables, and empirical results.

Second, for practitioners, including corporate directors, chief financial officers, and audit committee members, this study offers a clear and consolidated understanding of the factors they must consider when evaluating their relationship with their auditor. It highlights potential red flags and provides a basis for making more informed and defensible decisions regarding auditor retention and selection [8]. For audit partners and firms, the paper provides critical insights into the drivers of client loss and the competitive dynamics of the audit services market [3, 15].

Third, for investors and financial analysts, the paper serves as an interpretive guide. Understanding the likely reasons behind an

auditor switch is essential for accurately assessing a firm's risk profile and the credibility of its financial reporting. This research helps stakeholders differentiate between routine changes and those that may signal underlying problems. Finally, for regulators and standard-setters, the study provides a summary of evidence relevant to ongoing debates about policies such as mandatory audit firm rotation, cooling-off periods, and the regulation of audit fees [2, 10]. By providing a clear framework of what drives auditor switching, this paper contributes to a more informed policy discussion aimed at enhancing audit quality and protecting the public interest.

1.5. Structure of the Article

The remainder of this article is organized as follows. Section 2.0 details the methodology employed for this study, outlining the systematic literature review approach and the analytical strategy used to synthesize the findings. Section 3.0 presents the results of this analysis, beginning with the development of a conceptual framework of auditor switching determinants, followed by a detailed examination of each category of factors. Section 4.0 provides a discussion of the findings, interpreting their meaning, exploring their practical and theoretical implications, and connecting them back to the broader literature. This section also acknowledges the limitations of the study and suggests avenues for future research. Finally, Section 5.0 offers a conclusion, summarizing the key findings and reiterating the main contributions of the paper.

METHODOLOGY

2.1. Research Approach

This study adopts a systematic literature review and conceptual analysis as its core research approach. This methodology is particularly well-suited to the research objectives, which are to synthesize a mature but fragmented body of knowledge and to develop a conceptual framework rather than to test new empirical hypotheses. A systematic review is a rigorous and transparent method for identifying, evaluating, and interpreting the body of available research relevant to a specific research question [5]. Unlike a traditional narrative review, which can be subjective in its selection and interpretation of sources, a systematic review follows a predefined protocol to minimize bias and ensure the comprehensiveness and replicability of the findings. The goal is not merely to summarize the literature but to synthesize it, which involves identifying patterns, discrepancies, and

connections between studies to create a new, integrated understanding of the topic [14]. The conceptual analysis component extends this synthesis by organizing the identified determinants into a logical model or framework that explains the relationships between them.

2.2. Data Source

The data for this study consist of a curated set of academic journal articles. The selection of sources is purposive, designed to capture the foundational and most influential research on the determinants of auditor switching. The data set comprises the [15] specific references provided at the outset of this project. This curated list represents a cross-section of the most important research in the domain, covering key theoretical papers, seminal empirical studies, and reviews that have shaped the academic conversation on the topic. The sources span several decades, from foundational work on auditor independence and pricing in the early 1980s [1] to more recent investigations into factors like national culture and specific market contexts [11, 12]. The list includes studies focusing on various determinants, such as client financial distress [4], audit committee effectiveness [7], auditor tenure [2, 10], and audit quality [3, 9]. By confining the analysis to this specific and high-quality data set, the study ensures a deep and focused synthesis rather than a superficial overview of a wider, less-vetted body of literature. This approach allows for a meticulous analysis of the core concepts and findings that have defined this field of research.

2.3. Analytical Strategy

The analytical strategy employed is a thematic synthesis. This process involves several distinct stages. First, each of the [15] articles was read in detail to extract key information related to the determinants of auditor switching. During this phase, the focus was on identifying the specific variables investigated, the theoretical arguments presented, the methodologies used, and the main findings reported in each study.

Second, the extracted information was coded and categorized. An initial coding frame was developed based on the explicit research questions and the major themes apparent from a preliminary reading of the articles. This frame included broad categories such as "client characteristics," "auditor characteristics," and "relational factors." As the analysis progressed, these codes were refined and broken down into more specific themes. For example, "client characteristics" was sub-divided

into "financial health," "corporate governance," and "firm size/complexity." This iterative process of coding and categorization allowed for the systematic organization of the vast amount of information contained in the source articles [8, 14]. Third, a thematic synthesis was conducted. This involved looking for patterns, connections, and contradictions across the different studies within each category. The goal was to move from a simple list of factors to an integrated understanding of how these factors interact. For instance, the analysis explored how the influence of audit fees [1, 15] might be moderated by the strength of the client's audit committee [7]. This synthesis forms the basis of the conceptual framework presented in the Results section. The framework is not simply a visual representation of the determinants but an analytical tool that structures the findings of the literature into a coherent and explanatory model of the auditor switching process. This structured and transparent analytical strategy ensures that the conclusions of this paper are firmly and demonstrably grounded in the foundational literature of the field.

RESULTS: An Analysis of Auditor Switching Determinants

This section presents the results of the thematic synthesis of the literature. The primary output of this analysis is a conceptual framework that organizes the determinants of auditor switching into three distinct but interrelated categories. This framework serves as the structure for the detailed analysis that follows.

3.1. A Conceptual Framework of Auditor Switching

The synthesis of the [15] foundational articles reveals that the decision to switch auditors is rarely associated with a single factor. Instead, it appears to be the outcome of a complex interplay of pressures and considerations. These can be effectively organized into a conceptual framework comprising three core domains: (1) Client-Firm Factors, which are characteristics and events internal to the client company; (2) Auditor-Firm and Audit-Specific Factors, which relate to the characteristics of the audit firm and the audit engagement itself; and (3) Relational and Contextual Factors, which pertain to the dynamic between the auditor and client, as well as the broader market and regulatory environment. The decision to switch is typically located at the intersection of these three domains, often triggered when a change in one domain creates a

misalignment with another. This framework provides a structured lens through which to analyze the specific drivers identified in the literature. The following sub-sections provide a deep dive into the determinants within each of these three domains, drawing upon the evidence presented in the source articles.

3.2. Domain 1: Client-Firm Factors

These are factors originating from the client's own financial situation, governance structure, and strategic direction. The literature points to two overwhelmingly important sub-categories: financial health and corporate governance quality.

3.2.1. Financial Health and Distress

A client's financial condition is arguably one of the most powerful predictors of auditor switching. The research consistently shows that firms experiencing financial distress are significantly more likely to change auditors. The study by Lee and Mande [4] provides strong evidence for this association, finding that client financial stress is a key determinant in the decision to switch. The logic is twofold. First, financially distressed firms are under immense pressure to present their financial position in the best possible light. This can lead to disagreements with an incumbent auditor who insists on conservative accounting treatments, provisions for losses, or, most critically, the inclusion of a going-concern modification in the audit report. The threat of receiving a qualified opinion may motivate management to seek a new auditor in the hope of finding a more agreeable partner—a classic example of opinion shopping [6].

Second, financial distress directly relates to a firm's ability to pay audit fees. A company struggling with liquidity may seek to reduce costs across all its operations, and the audit fee is a visible and significant expense. This can lead the firm to dismiss a more expensive, established auditor (often a Big 4 firm) in favor of a smaller, less expensive one [15]. Therefore, financial distress acts as both a pressure point for potential opinion shopping and a direct economic incentive to seek lower-cost audit services, making it a potent predictor of auditor change.

3.2.2. Corporate Governance Quality

The quality of a firm's corporate governance, particularly the role and composition of the audit committee, is a critical moderating factor in the switching decision. A strong, independent, and financially literate audit committee is expected to act in the best interests of shareholders, not management [8]. The work of Carcello and Neal [7]

is seminal in this area. They found that companies were more likely to dismiss their auditor following the issuance of a "new" going-concern report. However, this association was significantly weaker for firms with more independent audit committees. This suggests that a strong audit committee supports the auditor's independent judgment, even when it results in an unfavorable opinion, and is less likely to approve a dismissal that appears retaliatory.

Conversely, a weak or management-dominated audit committee may be complicit in the decision to dismiss a tough auditor [13]. If the committee's primary loyalty is to the CEO rather than to the shareholders, it may facilitate opinion shopping to protect management's position. Therefore, the characteristics of the audit committee serve as a powerful indicator of whether an auditor switch is likely to be a sign of healthy oversight (e.g., dismissing an auditor for poor service) or a symptom of poor governance (e.g., dismissing an auditor for being too independent).

3.3. Domain 2: Auditor-Firm and Audit-Specific Factors

This domain encompasses characteristics related to the audit firm and the specifics of the audit engagement, including fees, perceived quality, and the length of the auditor-client relationship (tenure).

3.3.1. Audit Fees and Economic Considerations

Audit fees are a fundamental economic component of the auditor-client relationship, and the literature clearly identifies them as a key determinant of switching. The concept of "low-balling," extensively analyzed by DeAngelo [1], is central to this discussion. Low-balling refers to the practice where an audit firm bids for a new audit engagement at a fee that is below the expected cost of the initial audit. The firm expects to recoup these initial losses through higher fees in subsequent years, once it has established a relationship and the client's costs of switching to another auditor have increased. This practice can predict switching in two ways. First, a client may be lured away from its incumbent auditor by an attractive low-ball offer from a competitor [15]. Second, a client may become dissatisfied when its own auditor, who may have initially low-balled the fee, attempts to raise the fee to a normal level in later years. This subsequent fee pressure can trigger a search for a new, cheaper alternative, perpetuating a cycle of switching. The study by Abbott and Parker [15] provides evidence from the UK that audit fee considerations are a significant factor in the

auditor selection process.

3.3.2. Audit Quality and Auditor Reputation

Perceived audit quality is a crucial, albeit difficult to measure, factor. A company may choose to switch to a more reputable auditor to enhance its own credibility in the capital markets. The size of the audit firm is often used as a proxy for audit quality, with the "Big 4" firms generally perceived as providing higher quality audits due to their greater resources, expertise, and brand-name reputation [3]. Francis and Yu [3] found that Big 4 office size is positively associated with audit quality, suggesting that clients seeking higher quality assurance may gravitate towards larger, more established auditors. Conversely, a client may dismiss its auditor due to perceived service failures or a lack of industry expertise. The research by Pott [9] in the UK context indicates that poor audit quality is indeed a significant reason for switching auditors. Companies that believe they are receiving a low-quality audit, regardless of the fee, may switch to protect themselves from the risks of material misstatement and subsequent regulatory or legal challenges.

3.3.3. The Complex Role of Auditor Tenure

Auditor tenure—the length of time an audit firm has continuously audited a client—is one of the most debated determinants of switching. The arguments surrounding tenure are twofold and contradictory, creating a complex dynamic. On one hand, long auditor tenure can be beneficial. Over time, an auditor develops deep, client-specific knowledge, which can lead to a more effective and efficient audit. From this perspective, long tenure should be associated with a lower likelihood of switching. However, the opposing view, which has received significant regulatory attention, is that long tenure may impair auditor independence [2]. A long-standing relationship might become too comfortable, leading to a loss of professional skepticism. Regulators and some academics argue that long tenure increases the risk that auditors will become beholden to management, thereby reducing audit quality. This view suggests that firms with very long tenure should be more likely to switch, either voluntarily or due to mandatory rotation policies, to ensure a "fresh pair of eyes." The empirical evidence reflects this ambiguity. Geiger and Rama [2] found a link between long auditor tenure and an increased likelihood of audit reporting failures, supporting the impairment-of-independence view. In contrast, Tanyi and Smith

[10] provide a more nuanced review, noting that while the debate is ongoing, the benefits of auditor-specific knowledge cannot be easily dismissed. The relationship is likely non-linear: very short tenure might be associated with switching due to initial dissatisfaction, while very long tenure might be associated with switching due to independence concerns, with a period of stability in between.

3.4. Domain 3: Relational and Contextual Factors

This final domain covers the specific nature of the auditor-client relationship and the broader environmental context in which the firm operates.

3.4.1. The Auditor-Client Relationship

Beyond the formal contractual terms, the quality of the working relationship between the auditor and client management is vital. The review by Beattie and Fearnley [14] highlights that the auditor-client relationship is a complex social and economic negotiation. Disagreements over accounting treatments, the timing of financial disclosures, or the scope and findings of the audit are frequent sources of friction. When these disagreements become intractable, they often culminate in an "auditor-client realignment," which may take the form of an auditor resignation or a client dismissal. A breakdown in trust or communication can be a more powerful predictor of change than any single economic or governance factor.

3.4.2. Market and Cultural Context

The decision to switch auditors does not occur in a vacuum. It is influenced by the norms and regulations of the specific market and country in which the firm operates. The study by Reichelt and Wang [12] is particularly insightful, as it provides cross-country evidence that national culture is associated with auditor switching. For example, firms in cultures with higher levels of uncertainty avoidance may be less likely to switch auditors, preferring the stability of a long-term relationship. Furthermore, specific national case studies, such as the work by Linde and Hassel [11] in Sweden, show how local market structures, regulations, and business norms shape switching behavior. These studies demonstrate that a model of auditor switching developed solely from US data may not be universally applicable, highlighting the importance of considering the contextual environment.

3.5. Synthesis of Findings

The analysis of the literature through the three-domain framework reveals a deeply interconnected system. A client firm's financial

distress (Domain 1) creates pressure that may lead it to seek lower audit fees (Domain 2). This decision, however, is moderated by the strength of its corporate governance (Domain 1). A strong audit committee might resist a fee-driven switch if it compromises audit quality (Domain 2). The entire dynamic is further influenced by the history of the auditor-client relationship (Domain 3), including the length of tenure (Domain 2) and any prior disagreements. The framework, therefore, becomes not just a summary but a dynamic model where internal, external, relational, and contextual pressures converge to predict the decision to switch auditors.

DISCUSSION

This section interprets the findings presented in the conceptual framework, discusses their broader implications for theory and practice, acknowledges the study's limitations, and proposes directions for future research.

4.1. Interpretation of Findings

The synthesis of the literature confirms that auditor switching is not a monolithic event but a complex corporate decision situated at the nexus of economic, governance, and relational pressures. The three-domain framework (Client-Firm, Auditor/Audit, and Relational/Contextual) developed in the Results section provides a more structured way to understand this complexity than a simple list of independent variables. The key interpretation from this synthesis is that the determinants are highly interdependent. It is often the interaction between factors, rather than the presence of a single factor, that ultimately predicts a change.

For example, a firm experiencing financial distress [4] does not automatically switch auditors. The decision is heavily associated with the quality of its audit committee [7]. A strong committee may conclude that retaining a high-quality, independent auditor is most critical during times of stress, thereby resisting the pressure to switch. Conversely, a firm with weak governance may see financial distress as an opportunity to engage in opinion shopping. This interactionist perspective extends the foundational economic reviews, such as that of Johnson & Lys [6], by embedding economic motives within a rich governance and relational context as described by Bédard and Gendron [8] and Beattie and Fearnley [14].

Furthermore, the analysis of auditor tenure [2, 10] highlights the inherent tensions in the auditor-client relationship. The desire for auditor-specific expertise, which grows with tenure, is in direct

conflict with the regulatory concern that long tenure breeds complacency and erodes independence. Our framework suggests that there is no single "optimal" tenure. Instead, the "right" tenure is contingent on other factors, such as the client's risk profile and the strength of its governance oversight. This finding challenges the one-size-fits-all approach of policies like mandatory audit firm rotation, suggesting that a more nuanced, principles-based approach to ensuring auditor independence may be more effective.

Finally, the inclusion of contextual factors [11, 12] is a critical finding. It serves as a caution against the over-generalization of findings from one market (predominantly the US) to others. National culture and local regulatory environments create different incentive structures, leading to different patterns of auditor switching. This implies that global firms and international standard-setters must adopt a flexible and context-aware perspective when evaluating the meaning and implications of an auditor change.

4.2. Implications of the Study

The findings of this synthesis have significant implications for a wide range of stakeholders.

4.2.1. For Corporate Management and Boards

For corporate boards and, specifically, audit committees, this research provides a roadmap for overseeing the auditor relationship. It underscores that the decision to retain or dismiss an auditor should not be based on a single criterion like fees [15]. Instead, it requires a holistic assessment of audit quality [9], auditor independence [1], and the evolving needs of the company. The framework highlights the pivotal role of the audit committee as the arbiter of these competing pressures [7, 8]. It suggests that robust audit committee charters should explicitly require a multi-faceted annual review of the external auditor, considering all the domains identified in our framework.

4.2.2. For Audit Firms

For audit firms, the implications relate to both client retention and market strategy. The findings demonstrate that while competitive fees are important, they are not the sole predictor of client choice. Audit quality, industry expertise, and a constructive professional relationship are critical for long-term client retention [14]. The findings on tenure [2, 10] also present a strategic challenge. Audit firms must demonstrate how they maintain professional skepticism and "fresh eyes" even in long-tenure relationships, perhaps through internal partner rotation and rigorous quality

control reviews, to counteract the regulatory and market pressure for switching. The research by Francis and Yu [3] also reinforces the brand value of Big 4 firms, suggesting that smaller firms need to compete by developing deep, defensible niches of industry or service expertise.

4.2.3. For Regulators and Investors

For regulators, this synthesis suggests that policy interventions should be carefully considered. For example, while mandatory audit firm rotation aims to enhance independence, it may have unintended consequences, such as the loss of valuable client-specific knowledge and potentially higher audit failure rates in the initial years of a new engagement. The findings support a focus on strengthening audit committee independence and expertise [7, 8] as a potentially more effective mechanism for ensuring audit quality than prescriptive rules on tenure.

For investors and analysts, this paper provides a more sophisticated lens for interpreting the news of an auditor switch. Instead of a simple "good" or "bad" signal, a switch should be analyzed within the context of the firm's financial health, its governance quality, the tenure of the outgoing auditor, and any recent disagreements. A switch from a large, reputable auditor to a smaller, less-known firm by a financially distressed company with a weak audit committee is a major red flag. In contrast, a switch by a healthy company with a strong audit committee as part of a regular review process is likely a benign event.

4.3. Limitations and Avenues for Future Research

The first and most significant limitation of this study is that its analysis is circumscribed by the [15] specific articles that form its data source. While these articles are foundational and representative, they do not encompass the entirety of the vast literature on this topic. Consequently, other determinants or nuances may exist that are not captured in this synthesis.

Second, this study is a conceptual analysis and does not involve new empirical testing. The proposed framework, while grounded in the literature, would benefit from empirical validation. Future research could involve developing measurable proxies for each of the domains in the framework and testing their interactive effects on the likelihood of auditor switching using a large, multi-country dataset.

This leads to several promising avenues for future research.

1. **The Impact of Technology:** How is the rise of data analytics, artificial intelligence, and blockchain technology in auditing associated with switching decisions? Do firms switch to auditors with superior technological capabilities?

2. **ESG and Non-Financial Audits:** As environmental, social, and governance (ESG) reporting becomes more prominent, a new market for assurance services is emerging. Future research could explore the determinants of switching assurance providers for these non-financial reports.

3. **Longitudinal Case Studies:** While large-sample quantitative studies are valuable, in-depth longitudinal case studies of firms that have switched auditors could provide richer insights into the decision-making processes, internal politics, and relational dynamics that the quantitative data cannot fully capture. This would be a valuable extension of the relational perspective offered by Beattie and Fearnley [14].

4. **Testing the Framework:** Future empirical work should explicitly test the interaction effects proposed in the framework. For example, is the association between financial distress [4] and switching truly weaker as audit committee independence [7] increases? Quantifying these moderating effects is the logical next step.

By pursuing these avenues, researchers can continue to build upon the foundational knowledge synthesized in this paper and deepen our understanding of this critical aspect of corporate governance and the audit market.

CONCLUSION

5.1. Summary of Key Determinants

This paper embarked on an investigation to synthesize the primary determinants of auditor switching by analyzing foundational academic literature. The analysis confirms that the decision to change auditors is not a response to a single stimulus but is a multifaceted outcome of numerous, often interdependent, factors. These determinants can be effectively understood through a three-domain framework. The first, Client-Firm Factors, highlights the significant role of the client's internal environment, where financial distress [4] and the quality of corporate governance—particularly the independence and diligence of the audit committee [7, 8]—act as powerful predictors. The second domain, Auditor-Firm and Audit-Specific Factors, reveals that the competitive dynamics of the audit market, including pressures related to audit fees and the

practice of "low-balling" [1, 15], are central to the switching decision. Furthermore, this domain includes the crucial considerations of perceived audit quality [3, 9] and the complex, dual-edged nature of auditor tenure [2, 10]. The final domain, Relational and Contextual Factors, emphasizes that the specific quality of the auditor-client relationship [14] and the broader market and cultural norms [11, 12] provide the context in which any switching decision is ultimately made.

5.2. Contribution to Literature

The primary contribution of this study lies in its synthesis of a diverse and fragmented body of research into a single, coherent conceptual framework. By organizing the determinants of auditor switching into three distinct yet interconnected domains, this paper provides a more holistic understanding of the phenomenon than is available from studies that focus on a narrower set of variables. This integrated model serves as a valuable resource for both academics and practitioners. For researchers, it provides a structured foundation and a clear map of the key variables and their established relationships, highlighting areas where further investigation is warranted. For corporate boards, investors, and regulators, the framework offers a practical tool to better interpret the signals of an auditor change, moving beyond simplistic explanations to appreciate the complex interplay of governance, economics, and relational dynamics at play.

5.3. Concluding Remarks

Ultimately, the market for audit services is a cornerstone of corporate transparency and investor confidence. The ability of a firm to select and change its auditor is a feature of a competitive market, yet the motivations behind such changes carry significant weight. Understanding the determinants of auditor switching is therefore not merely an academic exercise; it is fundamental to safeguarding the integrity of the financial reporting ecosystem. This paper reinforces that a functional audit market depends on a delicate balance: a balance between ensuring auditor independence and professional skepticism on one hand, and allowing for healthy competition and client choice on the other. Continued vigilance and informed analysis by all stakeholders are essential to ensure that auditor switching serves to strengthen, rather than undermine, the quality and credibility of financial reporting.

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