

A Study on the Relation between Auditor Rotation and Audit Quality in Iranian Firms

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Abstract : Audit quality is a popular topic in accounting and auditing research because recent decades' financial crises reduce the reliability of financial reports to public investors and cause significant doubt about the audit profession. Therefore, doing research to identify effective factors in improving audit quality is necessary for bringing back public investors' trust to financial statements as well as audit reports. In this study, we explore the relationship between audit rotation and audit quality. For this purpose, we employ the Duff (2009) model of audit quality to measure audit quality and use a questionnaire survey of 27 audit service quality attributes. Our results show that there is a negative relationship between auditor's rotation and audit quality as we consider the auditor's reputation, capability, assurance, experience, and responsiveness as surrogates for audit quality. There is no evidence for verifying a same relationship when we use the auditor's independence and expertise for measuring audit quality.

Keywords : audit quality, auditor's rotation, reputation, capability, assurance, experience, responsiveness, independence, expertise

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