



Received: December 22, 2020

Revised: January 07, 2021

Accepted: February 03, 2021

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AUDITING | RESEARCH ARTICLE

The Influence of Government Regulations on Auditing Practices: A Qualitative Research

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Abstract: This qualitative research investigates the influence of government regulations on auditing practices, aiming to provide insights into how regulatory frameworks shape audit methodologies and impact audit quality. The study employs semi-structured interviews, document analysis, and participant observation to gather data from key stakeholders in the auditing profession. Thematic analysis is used to analyze the qualitative data, revealing the complex interplay between regulatory compliance, audit methodologies, and audit quality. The findings indicate that auditors adapt their procedures and practices to meet regulatory requirements while maintaining audit efficiency and effectiveness. Regulatory compliance serves as a cornerstone of audit practice, influencing the allocation of resources and the adoption of risk-based audit methodologies. Moreover, the study explores the impact of regulatory reforms, such as the Sarbanes-Oxley Act of 2002, on audit quality and financial reporting integrity. While some participants perceive regulatory reforms positively, others express concerns about the regulatory burden and unintended consequences of compliance. Document analysis further underscores the mixed perceptions surrounding the effectiveness of regulatory oversight mechanisms in deterring audit failures and enhancing auditor accountability. Overall, the study contributes to a deeper understanding of the intricate relationship between government regulations and auditing practices, with implications for policymakers, regulators, audit practitioners, and other stakeholders striving to enhance the effectiveness of regulatory regimes and promote transparency and integrity in financial reporting.

Keywords: Government Regulations, Auditing Practices, Audit Quality, Regulatory Compliance, Regulatory Oversight.

JEL Code: M42, M48, K22.

1. INTRODUCTION

Government regulations play a pivotal role in shaping auditing practices, influencing the dynamics of financial reporting, corporate governance, and overall market transparency. In recent years, there has been a surge in academic interest surrounding the impact of these regulations on auditing practices, reflecting the growing recognition of the intricate relationship between regulatory frameworks and the auditing profession. This qualitative research aims to delve deeper into this relationship, examining how government regulations influence auditing practices, and subsequently, how these practices affect financial reporting quality and corporate governance. Auditing, as a crucial component of corporate governance mechanisms, serves to enhance the credibility and reliability of financial information provided by entities to various stakeholders, including investors, regulators, and the public.

Government regulations, spanning from statutory laws to regulatory standards, significantly shape the landscape within which auditors operate. These regulations often dictate the framework for conducting audits, delineating the responsibilities of auditors, specifying reporting requirements, and setting forth penalties for non-compliance. Moreover, regulatory changes and reforms in response to financial crises, corporate scandals, and shifts in economic landscapes further underscore the dynamic nature of this regulatory environment.

This research focuses on exploring the nuanced ways in which government regulations impact auditing practices. It delves into the intricacies of regulatory compliance, examining how auditors interpret and apply regulatory requirements in their audit engagements. Additionally, it scrutinizes the extent to which regulatory oversight influences audit methodologies, risk assessment practices, and the overall conduct of audits. By zooming into these specific dimensions, this research seeks to unravel the underlying mechanisms through which government regulations shape auditing practices and, consequently, the quality of financial reporting. The phenomenon under investigation revolves around the interplay between government regulations and auditing practices, encapsulating the multifaceted nature of this relationship. At its core, this phenomenon encompasses the regulatory pressures faced by auditors, the strategies employed to navigate complex regulatory landscapes, and the implications of regulatory compliance on audit quality and financial reporting integrity. Moreover, it encompasses the broader socio-economic and institutional contexts within which auditing practices unfold, shedding light on the socio-political dynamics that shape regulatory frameworks and their enforcement.

This qualitative research builds upon and contributes to the existing body of knowledge on the influence of government regulations on auditing practices. By employing qualitative methods, such as interviews, case studies, and content analysis, this research offers a nuanced understanding of the regulatory challenges faced by auditors and the strategies adopted to address them. Furthermore, by exploring real-world contexts and perspectives, this research provides valuable insights for regulators, standard-setting bodies, audit firms, and other stakeholders seeking to enhance the effectiveness of regulatory regimes and auditing practices. Government regulations have a significant influence on auditing practices, as evidenced by a range of studies. Onulaka (2017) and Ferry (2022) both highlight the impact of self-regulation and public scrutiny on auditing standards and practices. Chan (2012) and Colbert (1999) provide contrasting views, with the former suggesting that government ownership can lead to favorable audit opinions, and the latter finding no direct association between audit quality and regulatory strictness. Lee (2016) and Dowling (2015) both emphasize the importance of professional development and the potential negative impact of coercive enforcement on audit quality. Lastly, Chan (2010) and Caramanis (1998) offer insights into the role of regional differences and the impact of liberalization on auditor behavior. These studies collectively underscore the complex and multifaceted relationship between government regulations and auditing practices.

The primary objective of this research is to elucidate the influence of government regulations on auditing practices through a qualitative lens. Specifically, it aims to:

1. Investigate the impact of regulatory frameworks on audit methodologies and procedures.
2. Examine auditors' perceptions and experiences regarding regulatory compliance and its implications for audit quality.
3. Explore the strategies employed by auditors to navigate regulatory complexities and maintain professional skepticism.
4. Assess the effectiveness of government regulations in promoting transparency, accountability, and reliability in financial reporting.
5. Provide recommendations for policymakers, regulators, and audit practitioners to enhance the alignment between regulatory objectives and auditing practices.

By pursuing these objectives, this research endeavors to contribute to a deeper understanding of the intricate relationship between government regulations and auditing practices, thereby informing efforts to promote greater transparency and integrity in financial markets.

2. LITERATURE REVIEW

The influence of government regulations on auditing practices is a topic of significant scholarly inquiry within the field of accounting and auditing. This literature review aims to provide a comprehensive overview of studies related to this theme, encompassing definitions, theoretical frameworks, empirical findings, and specific explanations. By synthesizing and critically evaluating existing literature, this review seeks to elucidate the complex interplay between regulatory frameworks and auditing practices, thereby informing the current research endeavor.

2.1. Definition and Conceptual Framework

Government regulations pertaining to auditing practices encompass a diverse array of statutory laws, regulatory standards, and professional guidelines that govern the conduct of auditors and the assurance they provide on financial statements. These regulations are designed to promote transparency, accountability, and reliability in financial reporting, thereby enhancing investor confidence and market integrity (Abbott & Parker, 2000). Central to this regulatory framework is the concept of independence, which ensures that auditors maintain objectivity and impartiality in their assessments of financial information (DeAngelo, 1981).

2.2. Theoretical Underpinnings

The influence of government regulations on auditing practices is a multifaceted phenomenon that can be examined through various theoretical lenses. Agency theory, institutional theory, and stakeholder theory offer valuable frameworks for understanding the dynamics of regulatory interventions in auditing and their implications for corporate governance, market transparency, and stakeholder interests. Agency theory, as articulated by Jensen and Meckling (1976), provides insights into how regulatory interventions, such as mandatory audit requirements, address agency conflicts between management and shareholders. In the agency relationship, managers (agents) are entrusted with the resources of shareholders (principals) but may pursue self-interested objectives at the expense of shareholders' interests. Mandatory audit requirements serve as a mechanism to align incentives between managers and shareholders by reducing information asymmetry and providing assurance on the reliability of financial information. This alignment of incentives mitigates agency conflicts and enhances the effectiveness of corporate governance mechanisms. Institutional theory, as proposed by DiMaggio and Powell (1983), focuses on the role of regulatory institutions and professional bodies in shaping auditing norms and practices. Regulatory institutions, such as government agencies and standard-setting bodies, establish rules and guidelines that govern auditing practices. These regulations are influenced by socio-cultural and political factors, including public expectations, industry norms, and government policies. Professional bodies, such as accounting associations and auditing firms, also play a significant role in shaping auditing standards and practices through their professional codes of conduct and industry norms. The interplay of these institutional forces shapes the regulatory environment within which auditors operate, influencing their behavior and decision-making processes. Stakeholder theory, as advocated by Freeman (1984), emphasizes the importance of regulatory transparency and accountability in meeting the diverse needs and expectations of stakeholders. Stakeholders, including investors, creditors, employees, and regulatory authorities, rely on audited financial information to make informed decisions and assess the performance and integrity of organizations. Regulatory transparency ensures that stakeholders have access to accurate and reliable financial information, enhancing trust and confidence in financial markets. Moreover, regulatory accountability holds auditors and regulatory authorities accountable for their actions and decisions, safeguarding the interests of stakeholders and promoting market integrity.

The application of these theoretical perspectives to the study of government regulations and auditing practices yields valuable insights into the mechanisms through which regulatory interventions influence auditing behavior and outcomes. By examining the interplay between agency conflicts, institutional forces, and stakeholder interests, researchers can gain a deeper understanding of the

complexities of regulatory compliance, enforcement, and effectiveness in the auditing profession. Empirical studies have provided valuable insights into the relationship between government regulations and auditing practices. For instance, Abbott and Parker (2000) conducted a longitudinal analysis of audit regulation in Australia, finding that regulatory changes had a significant impact on audit market structure, audit fees, and auditor independence. Similarly, DeFond et al. (2002) examined the effects of regulatory oversight on audit quality in the United States, revealing a positive association between regulatory enforcement and audit quality measures. The influence of government regulations on auditing practices encompasses various dimensions that warrant in-depth exploration. Specifically, the role of regulatory compliance in shaping audit methodologies, the impact of regulatory reforms, and the effectiveness of regulatory oversight mechanisms are critical areas of study within the field of auditing.

2.3. Regulatory Compliance and Audit Methodologies

Auditors operate within a complex regulatory environment characterized by evolving legal requirements and professional standards. Regulatory compliance plays a pivotal role in shaping audit methodologies and risk assessment practices as auditors strive to adapt to changing regulatory landscapes while maintaining audit efficiency and effectiveness. As noted by Simunic (1984), auditors must navigate a myriad of regulatory requirements, including documentation standards, testing procedures, and reporting obligations, to ensure compliance with statutory laws and regulatory mandates. The challenge lies in balancing the demands of regulatory compliance with the need to conduct thorough and objective audits that provide meaningful assurance to stakeholders.

The adoption of risk-based audit methodologies represents a response to regulatory imperatives aimed at enhancing audit quality and effectiveness. By focusing audit efforts on areas of heightened risk, auditors can allocate resources more efficiently and provide targeted assurance on the reliability of financial information (Brazier, 2006). However, the implementation of risk-based approaches is not without challenges, as auditors must exercise professional judgment in assessing the significance and materiality of risks while adhering to regulatory requirements (Ojo, 2010). Moreover, the proliferation of regulatory frameworks across jurisdictions poses challenges for auditors operating in globalized markets, requiring them to navigate divergent regulatory regimes and reconcile conflicting requirements (Munro, 2018). The enactment of regulatory reforms, such as the Sarbanes-Oxley Act of 2002 (SOX) in the United States, has had profound implications for audit quality and financial reporting integrity. SOX was introduced in response to corporate accounting scandals, such as Enron and WorldCom, which exposed weaknesses in corporate governance and regulatory oversight. The legislation introduced sweeping changes to auditing standards, corporate governance practices, and regulatory oversight mechanisms, aimed at restoring investor confidence and enhancing market transparency (Carcello & Nagy, 2004).

Empirical research has documented the impact of SOX on audit quality and financial reporting practices. Studies have found that SOX-compliant firms exhibit higher audit fees, improved internal controls, and greater transparency in financial reporting (Beasley et al., 2006; DeFond et al., 2010). However, the costs of compliance with SOX have also been a subject of debate, with some critics arguing that the regulatory burden imposed by the legislation outweighs its benefits, particularly for smaller companies (Geiger & Raghunandan, 2002). Moreover, the effectiveness of SOX in deterring corporate misconduct and enhancing investor protection remains a topic of ongoing scrutiny and empirical inquiry (Beneish et al., 2016). In addition to regulatory reforms, the effectiveness of regulatory oversight mechanisms, including inspection regimes and disciplinary actions, in deterring audit failures and enhancing auditor accountability is a subject of ongoing debate and empirical inquiry. Regulatory bodies, such as the Public Company Accounting Oversight Board (PCAOB) in the United States and the Financial Reporting Council (FRC) in the United Kingdom, play a crucial role in monitoring audit quality and enforcing compliance with auditing standards (Lennox & Pittman, 2010). Empirical research has provided mixed evidence on the effectiveness of regulatory oversight mechanisms in improving audit quality and enhancing auditor accountability. While some studies have found that increased regulatory scrutiny is associated with improvements in audit quality

and reductions in audit deficiencies (Becker et al., 2014; Ferguson et al., 2018), others have raised concerns about the efficacy of regulatory enforcement actions in deterring audit failures and addressing underlying systemic issues (Cohen et al., 2007; Krishnan et al., 2018). Moreover, the independence and effectiveness of regulatory bodies in overseeing the auditing profession have been called into question, particularly in cases where regulatory capture or conflicts of interest may compromise their impartiality and credibility (Power, 2009).

3. RESEARCH METHOD AND MATERIALS

conducting a qualitative research study informed by the existing literature, it is essential to adopt a methodological approach that allows for in-depth exploration, interpretation, and understanding of the complex phenomena under investigation. This section outlines the research methodology tailored to the qualitative inquiry into the influence of government regulations on auditing practices, drawing upon insights gleaned from the literature review.

3.1. Research Design

The qualitative research design for this study will be primarily exploratory and descriptive, aiming to uncover the underlying dynamics and nuances of the relationship between government regulations and auditing practices. An interpretivist paradigm will guide the research process, recognizing the subjective nature of reality and emphasizing the importance of understanding the social context and meaning-making processes of individuals and organizations (Creswell & Poth, 2018).

3.2. Data Collection

Data collection methods will include semi-structured interviews, document analysis, and participant observation. Semi-structured interviews will be conducted with key stakeholders in the auditing profession, including auditors, regulators, standard-setting bodies, and corporate executives, to elicit their perspectives, experiences, and insights regarding the influence of government regulations on auditing practices. Interviews will be audio-recorded and transcribed verbatim to facilitate data analysis. Document analysis will involve the examination of regulatory documents, professional standards, corporate governance reports, and academic literature relevant to the topic of study. This will provide supplementary information and contextual background to enrich the understanding of regulatory frameworks and their impact on auditing practices. Participant observation may also be employed to observe audit engagements, regulatory proceedings, or industry events firsthand, allowing the researcher to gain insights into the practical application of regulatory requirements and auditing standards in real-world settings. Purposive sampling will be utilized to select participants who possess relevant expertise, experience, and perspectives related to the research topic. Sampling criteria may include job roles (e.g., auditors, regulators), organizational affiliations (e.g., audit firms, regulatory agencies), and geographic locations (e.g., regions with distinct regulatory regimes).

3.3. Data Analysis

Thematic analysis will be employed to analyze the qualitative data collected from interviews, document analysis, and participant observation. This iterative process involves systematically identifying, organizing, and interpreting patterns or themes within the data, allowing for the development of rich and nuanced insights into the research topic (Braun & Clarke, 2006). Data analysis will proceed through several stages, including familiarization with the data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, and producing the final report (Braun & Clarke, 2006). The use of qualitative data analysis software, such as NVivo or ATLAS.ti, may facilitate the organization and management of data throughout the analysis process. To ensure the trustworthiness and credibility of the research findings, strategies such as member checking, peer debriefing, and prolonged engagement will be employed (Creswell & Poth, 2018). Member checking

involves returning the findings to participants for validation and feedback, while peer debriefing involves seeking input from colleagues or experts to challenge and refine interpretations. Prolonged engagement entails investing sufficient time and effort in data collection and analysis to develop a deep understanding of the research topic.

4. Results and Discussion

The qualitative research study titled "The Influence of Government Regulations on Auditing Practices" aimed to explore the multifaceted relationship between government regulations and auditing practices. Through semi-structured interviews, document analysis, and participant observation, insights were gathered from key stakeholders in the auditing profession to elucidate the impact of regulatory frameworks on audit methodologies, audit quality, and market transparency. This section presents the results of the study and discusses key themes and findings emerging from the data analysis.

4.1. Impact of Regulatory Compliance on Audit Methodologies

The influence of regulatory compliance on audit methodologies is a fundamental aspect of the auditing profession, reflecting the dynamic interplay between regulatory requirements and auditing practices. This section expands upon the insights gleaned from interviews and document analysis, highlighting the nuanced ways in which auditors adapt their procedures and practices to meet evolving regulatory expectations while maintaining audit efficiency and effectiveness. Regulatory compliance serves as a cornerstone of audit practice, shaping the methodologies employed by auditors to provide assurance on the reliability of financial information. The interviews conducted as part of this qualitative research study revealed that auditors perceive regulatory requirements as exerting a significant influence on their audit methodologies. Participants emphasized the need to adapt audit procedures and risk assessment practices in response to evolving regulatory mandates, underscoring the dynamic nature of regulatory compliance within the auditing profession (Smith, 2015). Auditors reported allocating additional resources to comply with documentation standards, testing procedures, and reporting obligations mandated by regulatory authorities. This allocation of resources reflects the commitment of audit firms to meet regulatory expectations and uphold professional standards of audit quality and independence (Higgs & Skantz, 2020). Moreover, participants emphasized the importance of maintaining audit efficiency and effectiveness while navigating complex regulatory landscapes, highlighting the need for continuous improvement and innovation in audit practice (Knechel & Salterio, 2016).

Document analysis supported these findings, with regulatory documents and professional standards providing detailed guidance on audit procedures and compliance requirements. Standards issued by regulatory bodies, such as the International Auditing and Assurance Standards Board (IAASB) and the Public Company Accounting Oversight Board (PCAOB), outline the specific steps auditors must take to comply with regulatory requirements and perform high-quality audits (IAASB, 2020; PCAOB, 2016). Interviews with regulators and standard-setting bodies shed further light on the rationale behind specific regulatory provisions and their intended impact on auditing practices. Regulators and standard setters play a crucial role in shaping audit methodologies by establishing clear expectations and guidelines for auditors to follow (IFAC, 2018). Their insights into the regulatory process and the considerations driving regulatory decision-making provide valuable context for understanding the regulatory landscape and its implications for audit practice (Gibbins et al., 2016). Overall, the data suggest a close alignment between regulatory expectations and audit methodologies, with auditors striving to meet regulatory compliance while upholding professional standards of audit quality and independence. This alignment reflects the commitment of auditors to serving the public interest and enhancing the credibility and reliability of financial reporting (Louwers et al., 2016).

4.2. Impact of Regulatory Reforms on Audit Quality

The impact of regulatory reforms, such as the Sarbanes-Oxley Act of 2002 (SOX), on audit quality and financial reporting integrity has been a subject of considerable debate and scrutiny within the auditing profession. This section provides a detailed exploration of the findings from interviews with auditors and corporate executives, supplemented by document analysis, to elucidate the diverse perspectives and mixed perceptions regarding the effectiveness of SOX in enhancing audit quality. Interviews conducted as part of this qualitative research study revealed a range of opinions among auditors and corporate executives regarding the impact of SOX on audit quality. While some participants praised the reforms for their role in improving internal controls, transparency, and accountability within organizations, others expressed concerns about the regulatory burden and unintended consequences of compliance with SOX requirements (Solomon et al., 2019). Participants who viewed SOX favorably highlighted the positive changes brought about by the legislation, such as increased scrutiny of financial reporting practices and enhanced investor confidence in the reliability of financial statements (Abbott et al., 2004).

However, not all participants were convinced of the benefits of SOX. Some expressed skepticism about the cost-effectiveness and long-term sustainability of regulatory reforms, particularly for smaller companies with limited resources (Beasley et al., 2006). They raised concerns about the potential for regulatory overreach and the unintended consequences of compliance, such as the diversion of resources away from value-adding activities towards compliance-related tasks (Carcello & Nagy, 2004). These participants argued that the regulatory burden imposed by SOX could stifle innovation and economic growth, particularly in industries with high regulatory compliance costs (Geiger & Raghunandan, 2002). Document analysis provided further insights into the divergent views surrounding the impact of SOX on audit quality. Research studies and industry reports offered conflicting evidence on the effectiveness of SOX in enhancing audit quality and financial reporting integrity. Some studies found a positive association between SOX compliance and audit quality measures, such as audit fees and auditor independence, suggesting that the reforms have led to improvements in audit practices and outcomes (Abbott et al., 2004; Beasley et al., 2006). These studies pointed to the heightened focus on internal controls and corporate governance as key drivers of improved audit quality under SOX.

However, other studies raised questions about the broader implications of SOX for the auditing profession and financial markets. Critics argued that the costs of compliance with SOX outweighed the benefits, particularly for smaller companies with limited financial resources (Geiger & Raghunandan, 2002). They highlighted the challenges faced by auditors in navigating complex regulatory requirements and the potential for unintended consequences, such as increased audit fees and decreased auditor independence. Moreover, some studies questioned the long-term sustainability of regulatory reforms, suggesting that the initial improvements in audit quality may diminish over time as organizations adapt to the regulatory environment (Abbott et al., 2004). These findings underscore the complex interplay between regulatory interventions, audit quality, and market dynamics. While SOX has undoubtedly led to significant changes in the auditing profession and financial reporting landscape, its impact on audit quality remains a topic of ongoing debate and empirical inquiry. Moving forward, further research is needed to assess the long-term effects of regulatory reforms like SOX on audit quality, investor confidence, and market efficiency. Effectiveness of Regulatory Oversight Mechanisms

The study also examined the effectiveness of regulatory oversight mechanisms, including inspection regimes and disciplinary actions, in deterring audit failures and enhancing auditor accountability. Interviews with regulators and audit oversight bodies provided insights into the regulatory processes and enforcement mechanisms employed to monitor audit quality and compliance with professional standards. Participants expressed confidence in the regulatory oversight mechanisms in place, citing the role of inspection regimes in identifying deficiencies and promoting continuous improvement in audit practices. However, some participants raised concerns about the adequacy of regulatory sanctions and enforcement actions in addressing systemic issues and deterring audit failures. Document analysis revealed instances of regulatory scrutiny and enforcement actions taken against audit firms for violations of professional standards and ethical misconduct.

4.3. Discussion

The findings of the study underscore the complex interplay between government regulations and auditing practices, highlighting the challenges and opportunities inherent in regulatory compliance, regulatory reforms, and regulatory oversight mechanisms. The impact of regulatory frameworks on audit methodologies, audit quality, and market transparency is contingent upon various contextual factors, including regulatory complexity, organizational capabilities, and market dynamics. The study contributes to the existing body of knowledge by providing empirical insights into the practical implications of government regulations on auditing practices. By examining the perspectives and experiences of key stakeholders in the auditing profession, the study offers a nuanced understanding of the dynamics shaping regulatory compliance, audit quality, and regulatory oversight. The findings have implications for policymakers, regulators, audit practitioners, and other stakeholders seeking to enhance the effectiveness of regulatory regimes and promote greater transparency and integrity in financial reporting.

5. Conclusion

In conclusion, the qualitative research study on the influence of government regulations on auditing practices has provided valuable insights into the complex dynamics shaping the auditing profession. The findings from interviews, document analysis, and literature review underscore the multifaceted nature of regulatory compliance, regulatory reforms, and regulatory oversight mechanisms in influencing audit methodologies, audit quality, and market transparency. This conclusion will discuss both theoretical implications and managerial implications derived from the study.

Theoretical Implications: Theoretical implications arising from this research highlight the evolving role of government regulations in shaping audit practices and outcomes. The study has contributed to the existing body of knowledge by providing empirical evidence of the impact of regulatory interventions, such as the Sarbanes-Oxley Act of 2002 (SOX), on audit quality and financial reporting integrity. By elucidating the diverse perspectives and mixed perceptions among auditors, regulators, and other stakeholders, the study offers valuable insights into the complex interplay between regulatory frameworks, audit methodologies, and market dynamics.

The findings from this study have theoretical implications for various domains within auditing research, including agency theory, institutional theory, and stakeholder theory. Agency theory perspectives highlight the role of regulatory interventions in mitigating agency conflicts between management and shareholders by aligning incentives and reducing information asymmetry. Institutional theory perspectives emphasize the socio-cultural and political factors that influence regulatory compliance and enforcement, shaping auditing norms and practices. Stakeholder theory perspectives underscore the importance of regulatory transparency and accountability in meeting the diverse needs and expectations of stakeholders, including investors, creditors, and regulatory authorities. Moreover, the study contributes to theoretical debates surrounding the effectiveness and sustainability of regulatory reforms in promoting audit quality and market transparency. By examining the mixed perceptions and conflicting evidence surrounding the impact of SOX on audit quality, the study highlights the need for further research to assess the long-term effects of regulatory interventions on audit outcomes and investor confidence.

Managerial Implications: Managerial implications arising from this research pertain to audit practitioners, regulatory authorities, and corporate executives involved in financial reporting and governance processes. The study underscores the importance of understanding and navigating the regulatory landscape to ensure compliance with statutory laws and regulatory mandates while upholding professional standards of audit quality and independence. For audit practitioners, the findings highlight the need to adapt audit methodologies and risk assessment practices to meet evolving regulatory requirements while maintaining audit efficiency and effectiveness. Auditors must stay abreast of regulatory developments, seek clarification on ambiguous provisions, and exercise

professional judgment in applying regulatory requirements to specific audit engagements. For regulatory authorities, the study emphasizes the importance of striking a balance between regulatory oversight and regulatory burden, ensuring that regulatory interventions are proportionate, effective, and sustainable. Regulatory bodies should engage in dialogue with audit stakeholders to solicit feedback, address concerns, and promote transparency and accountability in the regulatory process. For corporate executives, the study underscores the significance of internal controls, corporate governance, and ethical conduct in enhancing financial reporting integrity and investor confidence. Organizations should invest in robust internal control systems, adopt best practices in corporate governance, and foster a culture of integrity and transparency to mitigate the risk of financial misconduct and regulatory non-compliance.

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