



The Relationship Between Auditor Independence and Audit Quality: Evidence from Developing Economies

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ABSTRACT

The primary purpose of this study is to explore the relationship between auditor independence and audit quality in developing economies by systematically reviewing 24 publications published between 2014 and 2025 from the Scopus database, following PRISMA guidelines. The study also used bibliometric analysis to provide a base for quantitative analysis from selected papers using VOSviewer and Biblioshiny (RStudio). The study employed various theories to examine the link between auditor independence and audit quality, elucidating how incentives, institutions, and stakeholders shape auditor conduct. These theories include agency theory, institutional theory, and stakeholder theory. Additionally, the study examines empirical evidence on the relationship between independence and quality in developing economies. It creates a conceptual framework that links this relationship through several moderating and mediating factors, including audit fees, non-audit services (NAS), tenure, regulations, and political connections. Findings of this study reveal that independence significantly influences audit quality, but its effectiveness depends heavily on vigorous regulatory enforcement, ethical commitment, and institutional support. The study has several limitations, including reliance on secondary data, publication bias, and the majority of the reviewed studies employing quantitative approaches, which have restricted our knowledge of the behavioral and ethical aspects of independence. It has been recommended that future researchers adopt mixed-methods approaches, conduct cross-sectional studies, and, most importantly, research trending topics such as digital audit technologies and ESG assurance in relation to data analytics, which are generating new threats to independence that are not covered by known frameworks.



INTRODUCTION

Audit independence is a very fundamental determinant of audit quality, as it serves as the cornerstone for reliable financial reporting and good corporate governance. Independence is expected to help the auditor remain independent and act with professional skepticism in the absence of inappropriate client, political, or economic influence, while audit quality demonstrates the auditors' skills and ability to identify and report material misstatements. In developing economies, the foundations of institutions are weak, and such constructs become even more important. Underdeveloped regulation, poor enforcement, and high concentration in audit markets can increase the likelihood of constrained auditor independence, which may negatively impact the quality of financial reporting. Scholars have contrasting views on independence. For example, Al-hajri (2017) and Al-Qadasi et al. (2023) argue that independent auditors maintain transparency, as well as prevent earnings manipulation. Others argue that audit quality is determined by institutional context. Tien et al. (2019), on the other hand, found that local competition and reliance on non-audit services in Vietnam diminished independence and lowered audit quality. Taken together, these results imply that, in addition to the universality of independence and audit quality concerns, the interaction between them is highly sensitive to the institutional factors faced by developing countries, where governance and ethical norms are still evolving.

Although widely studied, the relationship between auditor independence and audit quality is challenging to demonstrate in developing countries. While some studies contend that long auditor tenure is a beneficial control to improve audit quality as it will result in gaining more experience and knowledge about the client (Martani et al., 2021), other researchers argue that longer relationships bring familiarity rather than enhancing objectivity (El-dyasty & Elamer, 2020). Likewise, while non-audit services can enhance auditors' knowledge of clients' businesses, they also create economic reliance and self-review jeopardy that impair audit quality. These discrepancies indicate a need to consider how contextual and institutional influences shape the independence–quality relationship in underdeveloped economies and pose a challenge for a systematic model that explains why results diverge and which common determinants are critical across contexts. For instance, Masli et al. (2021) found that audit committee effectiveness in Libya is impeded by government control and weak regulations, while Egbunike et al. (2025) found that residual audit fees in Nigeria compromise both audit independence and quality. However, the bulk of these data emanate from advanced economies that are tightly regulated and have well-defined professional standards; direct application in a less developed setting could prove hazardous. In addition, political interference, social norms, and limited supervisory enforcement mechanisms have been the leading causes of deviant behavior among auditors in many developing countries included in this study.

Developing economies provide a unique and theoretically informative environment for investigating the link between auditor independence and audit quality, given the vast variation in institutional and governance structures compared to those in developed markets. Institutional theory argues that regulators, cultural norms, and socio-political pressures will all influence organizational behavior (including auditor behavior) in a manner that is context specific. In developed economies, auditors face a dual institutional structure: global audit standards set against local economic conditions and political systems, i.e., "institutional dualism." Furthermore, agency theory stresses the role of concentrated ownership structures and widespread information asymmetries in explaining the independence of auditing as a monitoring device. However, weak mechanisms of enforcement, political capture, and client–auditor economic reliance of the auditor in many developing nations have a detrimental effect on their capacity to be independent (Tien et al., 2019).

The aim and objective of this study are to synthesize prior studies and conduct a systematic review to explore the relationship between auditor independence and audit quality in developing economies. Using an SLR approach provides a structured way to locate and incorporate relevant studies to establish methodological rigor, transparency, and trustworthiness. By synthesizing these fragmented findings through a systematic review, this study seeks to reconcile fragmented observations in prior

studies, advance theory and provide policy implications for financial regulators who intend to enhance auditor independence and credibility in developing countries. To achieve the objective of this study, the following research questions were formulated:

RQ1: What is the relationship between auditor independence and audit quality in developing economies?

RQ2: What are the key factors (moderators or mediators) that influence this relationship?

RQ3: What gaps exist in the current literature on this topic?

The study is theoretical and pragmatic, as it could further develop agency and institutional theories in developing countries. Conceptually, it extends Agency Theory by providing an understanding of how auditor independence can improve monitoring of managerial behavior, thereby aligning it more closely with shareholder interests, and it broadens Institutional Theory by demonstrating how the environment shaped by social-political, regulatory, and cultural forces influences audit quality outcomes. In practice, the review serves as an essential reference point for policymakers, regulators, and professional bodies seeking effective mechanisms (such as those on compulsory rotation, non-audit services, and disclosure of audit fees) that preserve auditor independence. Findings on the ground such as Mushiirah et al. (2018) suggest that in Mauritius, better audit quality is built upon, not only technical expertise, but ethical commitment and institutional integrity, all of which are non-technical skills. From a practitioner standpoint, the review highlights the importance of striking a balance between commercial imperatives and professional ethics by maintaining independence in all situations despite economic or political pressures. On the whole, by aggregating evidence across developmental stages of emerging economies, this research contributes to both academic and policy knowledge, seeking to enhance audit quality, transparency, and investor confidence in emerging markets.

LITERATURE REVIEW

Theoretical Framework

To understand the link between auditor independence and audit quality, there is a need for a foundation in theories that elucidate how incentives, institutions, and stakeholders influence auditor conduct. This paper relies primarily on Agency, Institutional, and Stakeholder Theories. This combined approach provides a strong foundation for understanding how contextual and organizational factors influence audit outcomes, especially in emerging countries.

Agency Theory

The traditional basis for audit research is Agency Theory, in which audit quality is focused on the distributor, which is viewed as an independent monitor that reduces agency problems between agents (corporate managers) and principals (shareholders). What one means by "audit" is fairly systematic across a single country. Because managers may have both superior information and an opportunistic motive to manipulate financial reports, external auditors serve as "outside monitors" to corroborate the credibility of reports and mitigate asymmetric information (Jensen & Meckling, 1976).

Therefore, independence is important to the auditor for this monitoring role to be carried out effectively. When auditors' independence is not compromised by client influence, they are more likely to provide an unbiased opinion on financial statements. On the other hand, economic dependence arising from high audit fees, client importance, or auditor–client tenure is an incentive to impaired independence. This theoretical perspective is supported by empirical research as well; a higher level of auditor independence has been shown to reduce the occurrence of earnings manipulation, increase investor confidence, and decrease the cost of capital (Al-hajri, 2017).

However, in less developed countries, the assumptions of Agency Theory may be more questionable because ownership is concentrated and enforcement agencies are inadequate. For instance, in Malaysia, institutional investors perceive externalities in audit quality and demand better governance and financial statement auditing (Al-qadasi et al., 2022). This demonstrates the auditors' monitoring

function in a low minority shareholder protection environment. Thus, the Agency Theory offers a convenient, if incomplete, perspective and thereby points to the value of further theoretical foundations that take into account other institutional and social dimensions of developing countries.

Institutional Theory

Institutional Theory complements the agency perspective by emphasizing the role of regulative, normative, and cognitive institutions on organizational behavior. It is based on the argument that firms (and auditors) conform to institutional norms and such pressures, both coercive and normative in nature, to legitimize themselves rather than following efficiency-seeking logic (DiMaggio & Powell, 1983). The audit setting is unique in that independence and quality are influenced not just by contractual relationships, but also by society's expectations, regulations, and professional standards.

In Libya, the effectiveness of the audit committee is strongly affected by national-level institutional factors such as government intervention, legal enforcement, and the maturity of the local accounting profession (Masli et al., 2021). In underdeveloped capital markets where the formal mechanisms are weak, auditors use informal connections, social ties and ethical standards to overcome these ethical dilemmas and operational problems. That result in what scholars call institutional dualism, where auditors operate camped out on an uncomfortable divide between global best practices and local conditions. Hence, using Institutional theory, we can strengthen the focus on environmental and regulatory influences over perceptions and realities associated with independence and quality in auditing.

Stakeholder Theory

Whereas Agency or Institutional theories concentrate on contractual and institutional links, Stakeholder Theory broadens the scope to all entities affected by the audit, such as shareholders, regulators, lenders, employees and society at large. Freeman (1984) argued that not only shareholders, but any party who uses reliable financial information to make decisions, has an interest in corporate accountability.

From this perspective, auditors serve as a societal institution that protects stakeholder rights and sustains sound governance. Auditors also help to legitimize organizations. The reliance on external audit is more common in emerging economies with weak investor protection laws and low levels of financial literacy. The evidence supports this argument.

According to Mushiirah et al. (2018), public trust in financial reporting and regulation in Mauritius is influenced not only by technical audit but also by ethical concerns and perceived independence. Similarly, Egbunike et al. (2025) note that residual audit fees and client dependence undermine stakeholders' confidence in audit results. Together, these theoretical views show that there are complex relationships between the four key variables to audit quality and independence. This study utilizes both theories, as they help in expressing the complexities of these relationships, especially in developing countries.

Empirical evidence on auditor independence and audit quality in developing economies

Empirical studies in developing countries have yielded mixed but relevant results for their independence. The study categorized this information into three major themes. The first is the determinants of auditor independence, the second is the relationship between independence and audit quality, and the last is the contextual moderating factors.

Determinants of auditor independence

Several studies found that auditors' tenure, non-auditing services, and audit fees are the main determinants of their independence. It has further examined Indonesia's audit rotation requirements and found that free rotation can help maintain auditors' independence and objectivity. Additionally, El-dyasty & Elamer (2020) examined the influence of foreign auditors in Egypt and found that this factor significantly affects the performance of audited companies.

Another controversial issue is non-audit services. Research conducted in Malaysia by Zurina et al. (2025) and in Bahrain by Khasharmeh & Desoky (2018) indicate that offering NAS impacts negatively on the independence of the auditor to an extent at which both audit and non-audit services are extended to the company. Yet, others argue that NAS can contribute to knowledge spillovers and, accordingly, could lead to greater effectiveness of audits (Pham et al., 2024). The consensus, however, is more in favor of regulatory limitations on the number of NAS to maintain independence from clients in developing markets that are often economically driven.

Auditor Independence and Audit Quality

A positive association between auditor independence and audit quality has been found in the majority of empirical research, though with varying degrees of significance. Mardijuwono & Subianto (2025) indicate that independence and professional skepticism together enhance audit quality in Indonesia. In contrast, Kamarudin et al. (2019) implied that the relationship is strengthened in Malaysia by corporate governance mechanisms, e.g., an independent audit committee.

In Nigeria, Ado et al. (2020) found a positive correlation between Audit firm independence and reporting quality and corporate performance. Similarly, Fariha et al. (2021) argued that auditors' independence via an effective audit committee would have a relatively greater impact on audit quality and firm performance, based on the Bangladesh evidence. Such findings indicate that independence is an element of quality and good governance and institutional effectiveness are required to guarantee the auditors' independence.

Contextual Moderating Factors

Among less developed countries, the relationship between independence and quality is mediated by institutional and political factors. Sumiyana et al. (2021) found that political pressure in Indonesia erodes the independence of public-sector auditors, thereby reducing audit quality. Martani et al. (2021) showed that board independence and audit committee strength reduce these problems by offering different levels of monitoring.

In addition, depending on a few clients for revenue would be a significant threat to independence. Aswadi et al. (2014) and Khasharmeh & Desoky (2018) also indicated that firms that offer high levels of non-audit services are related to low audit quality, and they encouraged a clear separation between auditing & consulting, including specific regulation requirements. Taken together, these studies suggest that the drivers of and consequences of independent enforcement are nationally contingent and vary with governance quality, the enforcement capacity at disposal by judges, and cultural norms.

Conceptual Framework

In this study, we have developed a conceptual framework that links auditor independence to audit quality via several moderating and mediating factors. These factors include audit fees, non-audit services, tenure, regulatory mechanisms, and political connections. The framework suggests that independence, whether actual or perceived, has a direct influence on audit quality by encouraging professional skepticism, unbiased judgment, and objective reporting. Factors such as audit fees, non-audit services, and audit-client relationships can weaken auditors' independence, potentially compromising audit quality. Also, strong enforcement of regulatory mechanisms and mandatory audit rotation, alongside professional codes of ethics, can strengthen independence, thereby improving the quality of audit results. In the context of developing economies, political influence is both a technical and a socio-institutional construct, and its effect on audit quality depends on context-specific dynamics.

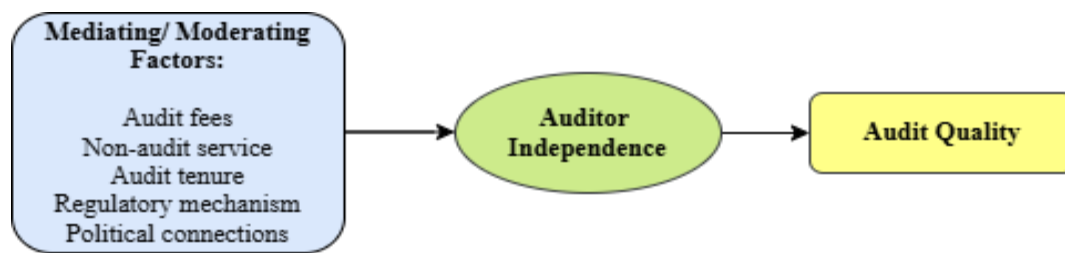


Figure 1. Conceptual Framework of the Study
Source: Author compilation

RESEARCH METHOD

As the study aims to explore the relationship between auditor independence and audit quality in emerging economies, it uses a systematic literature review approach guided by PRISMA. The SLR approach provides a precise, reliable, and replicable way to reduce bias, thereby generating more dependable results for the assessment and analysis of prior research relevant to a specific area of interest (Sniazhko, 2019). On the other hand, the PRISMA-guided methodology is an evidence-based, essential set of recommendations aimed primarily at promoting transparent and comprehensive reporting of systematic reviews. In other words, the PRISMA Statement serves as a guide to help authors effectively outline their work, findings, and, in the case of a review protocol, their plans (Sarkis-onofre et al., 2021). The PRISMA 2020 criteria were consulted to identify, filter, and select the study's stages. To ensure the study is relevant, the authors applied inclusion and exclusion criteria to the selection process. Among the inclusion criteria for this study are: (1) articles published between 2014 and 2025, (2) articles in the subject area of Business, Management, and Accounting, (3) article type document, (4) articles with journal source type, (5) articles written in English, and (6) articles with full-text availability. Exclusion criteria include articles that are not directly related to auditor independence and audit quality in developing economies; editorials; book chapters; dissertations; conference papers; unfinished studies; non-peer-reviewed articles; and articles without full-text access.

In addition to the PRISMA-guided Systematic Literature Review approach, the study also employs a bibliometric analysis to build a quantitative analysis from selected papers using VOSviewer and Biblioshiny (RStudio); two tools widely used for bibliometric analysis. A bibliometric analysis employs statistical and quantitative methods to examine the literature (Rahman et al., 2024). To find relevant literature, the study relies on the Scopus database as a primary source because of its widely acknowledged reliability, selecting only journals indexed in quartiles Q1-Q4. The search uses Boolean operators (AND, OR) to combine keywords, with no year limitations and covering both historical and current perspectives. The study used two search terms to maximize the number of related reports. The first string targeted auditor independence and used the following keywords: "auditor independence" AND ("developing countries" OR "emerging economies" OR "Africa"), whereas the second string targeted audit quality.

Selection of Articles

The selection process follows the PRISMA guidelines, including identification, screening, and eligibility criteria. The basis for each of the rigorous steps is explained below to enhance clarity and ensure transparency.

Identification: Searches in the Scopus-Indexed database. The combined Keywords used included combinations of "auditor independence" AND "audit quality" AND ("developing countries" OR "emerging economies" OR "Africa"), using Boolean operators. In the initial search, 213 articles were identified using the keyword search described above.

Screening: To enhance the quality and significance of identified studies, a well-organized three-step approach was also employed for screening. In the first stage, the search was applied; limiting the search from 2014 to 2025, capturing current trends and this yielded a total of 182 articles. In the second step, the search was filtered by subject area (Business, Management, and Accounting), document type (article), publication stage (final), source type (journal), language (English), and open access, producing 72 articles. Finally, the Mendeley Reference Manager was used to both deterministically remove duplicate entries and systematically prune results to create a clean, de-duplicated dataset. This step produced 55 individual reports for full-text review, thereby increasing confidence in the reliability and validity of the review sample.

Eligibility: For eligibility, only articles with full-text reviews were considered, and that produced 35 articles; 20 were excluded for not aligning with the aim of the study.

Inclusion: Data were extracted from the 35 eligible articles using a structured excel template covering citation information, bibliographic details, abstract and keywords, main findings and other information, which gives the study a final 24 articles.

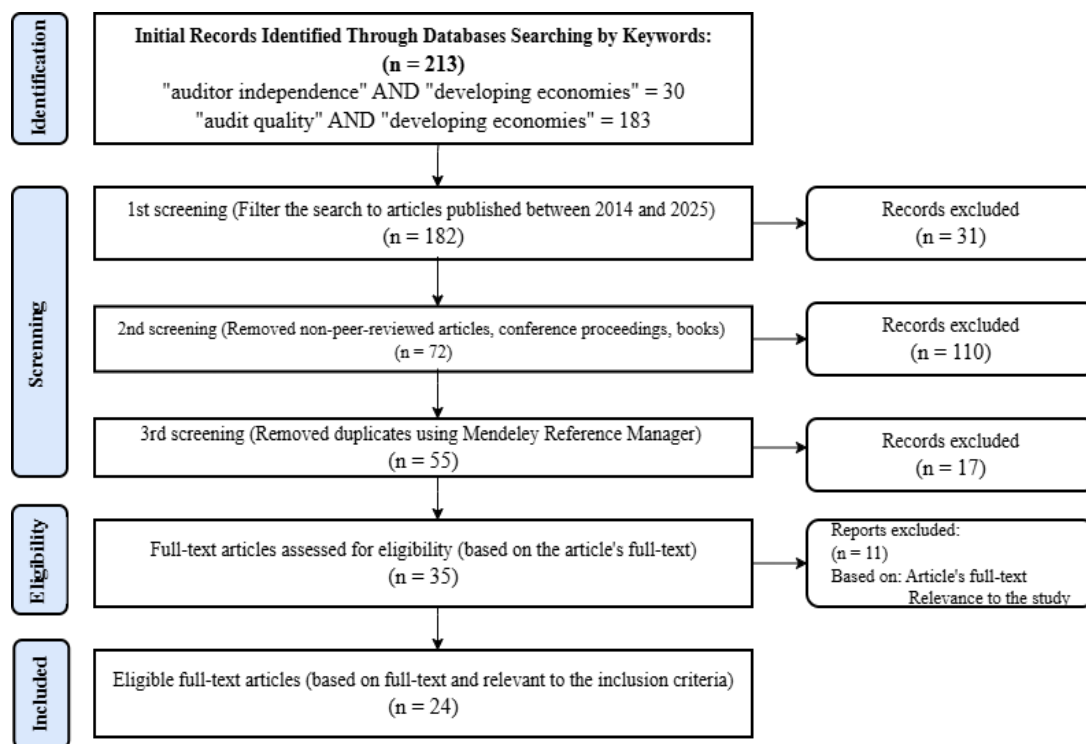


Figure 2. PRISMA Flowchart Diagram
 Source: Author compilation

RESEARCH RESULTS AND DISCUSSION

Research Results

Overview of Selected Studies

The reviewed studies indicate a strong, statistically significant link between auditor independence and audit quality in developing countries. Independence is an essential indicator of audit quality and can be influenced by factors such as auditor tenure, non-audit services, and economic dependence. Malaysia, Vietnam, and Indonesia provide evidence that greater independence and professional skepticism improve audit quality. Egypt and South Africa emphasize the moderating effect of regulation, such as audit firm affiliation. In summary, the literature supports the view that auditor independence is both a cause and a protection of audit quality, especially within institutional environments with a changing regime of corporate governance and regulation where it operates.

Table 1: summary of each selected article (Analytical Selection with Justification)

No.	Study (Author, Year, Title)	Country	Relevance Justification
1	El-dyasty & Elamer (2020) – The Effect of Auditor Type on Audit Quality in Emerging Markets: Evidence from Egypt	Egypt	Examines auditor type and quality in a developing economy; links foreign affiliation to improved independence and audit quality.
2	Harber & Marx (2020) – Auditor Independence and Professional Skepticism in South Africa	South Africa	Strong focus on auditor independence as a driver of audit quality; critical for developing-country audit regulation.
3	Tien et al. (2019) – Enhancing independence of local auditing services by profiting from experiences of the Big4 group (KPMG, Deloitte, PWC E&Y) operating in Vietnam market	Vietnam	Identifies tenure, non-audit services, and economic dependence as independence threats; essential for independence-quality analysis.
4	Ismail et al. (2019) – Does Audit Quality Matter in Malaysian Public Sector Auditing?	Malaysia	Directly investigates independence and competence impacts on audit quality in a developing context.
5	Khasharmeh & Desoky (2018) – Does the Provision of Non-Audit Services Affect Auditor Independence and Audit Quality? Evidence from Bahrain	Bahrain	Explicitly connects non-audit services to impaired independence and reduced audit quality.
6	Mardijuwono & Subianto (2025) – Independence, Professionalism, Professional Skepticism, and Their Impact on Audit Quality	Indonesia	Demonstrates independence and skepticism as strong determinants of audit quality in emerging markets.
7	Zurina et al. (2025) – Non-Audit Services and Accruals Quality in Malaysia	Malaysia	This study shows how economic dependence from NAS weakens independence and audit quality in Malaysia
8	Ado et al. (2020) – The Impact of Audit Quality on Financial Performance of Listed Companies in Nigeria	Nigeria	Links auditor independence to improved reporting reliability and audit quality.
9	Agus & Aziza (2020) – Ethical Factors in Financial Statement Examination	Indonesia	This study highlights independence and ethics as joint determinants of audit quality
10	Pham et al. (2025) – Audit Quality of Financial Statements of Commercial Banks: Evidence from Vietnam	Vietnam	Shows independence and compliance jointly shape audit quality; fits developing-economy context.
11	Sihombing & Pamungkas (2025) – The Influence of Audit Quality on Accrual Profit Management	Indonesia	Demonstrates how independence affects earnings management—proxy for audit quality.
12	Kamarudin et al. (2019) – Non-Audit Services and Corporate Governance of Audit Clients	Malaysia	Explores how governance moderates the independence–quality relationship.
13	Salehi & Gah (2019) – A meta-analysis approach for determinants of effective factors on audit quality: Evidence from emerging market	Indonesia	Synthesizes empirical determinants of audit quality, including independence, across developing regions.
14	Fariha et al. (2021) – Board Characteristics, Audit Committee	Bangladesh	Establishes that auditor independence and audit committee strength improve audit

	Attributes, and Firm Performance		quality.
15	Tran et al. (2025) – Impact of Audit Firm Size on Audit Quality: Evidence from Vietnam	Vietnam	Demonstrates that larger firms enhance independence and quality; key structural factor.
16	Martani et al. (2021) – Impact of audit tenure and audit rotation on the audit quality : Big 4 vs Non Big 4	Indonesia	Examines the effect of audit tenure and audit rotation on audit quality, and also examines whether the effect of the rotation is different between the Big 4 and non-Big 4 audit firm in Indonesia
17	Sumiyana et al. (2021) – Public Sector Performance Auditing in a Political Hegemony: A Case Study of Indonesia	Indonesia	Shows political interference weakens independence and audit quality— contextually powerful.
18	Usman et al. (2023) – Internal Auditor Independence and Audit Quality: Professional Ethics Mediation	Indonesia	Provides empirical link between internal independence, ethics, and quality in developing context.
19	Jamaluddin et al. (2021) – Role Ambiguity, Role Conflict, and Auditor Independence on Audit Quality	Indonesia	Shows independence mediates competence–quality relationship; critical conceptual bridge.
20	Saddam et al. (2021) – Internal Audit and Financial Performance of Yemeni Banks	Yemen	Links internal audit independence to quality and performance; contributes regional diversity.
21	Sampet & Sarapaivanich (2025) – Bridging the Distance: Spatial and Social Factors Influencing Audit Quality and Auditor Independence	Thailand	Novel angle showing spatial/social dynamics affect independence and perceived audit quality.
22	Singh & Singh (2019) – Impact of audit firm rotation on audit quality: Evidence from Bhutan	Bhutan	This study examines audit firm rotation on audit quality in Bhutan, and found that audit firm rotation does not affect audit quality for non-financial public listed companies in Bhutan, citing that there is no significant impact of rotation on audit quality in Bhutan
23	Aswadi et al. (2014) – Characteristic of Non-Audit Services and Financial Restatements in Malaysia	Malaysia	Older but foundational; this study shows independence is key in reducing restatements, proxy for quality.
24	Mashayekhi (2025) – Perceived Association Between Audit Rotation and Audit Quality: Evidence from UAE	UAE	Studies how rotation strengthens independence, improving perceived quality in an emerging market.

Source: Author compilation

The table above presents an analytical summary of the 24 reviewed studies published between 2014 and 2025. These studies use quantitative and qualitative methods to examine the influence of independence-related dimensions (e.g., audit rotation, provision of non-audit services, nature of the audit firm) on measures of audit quality, including earnings management, financial reporting reliability, and constituent confidence. Empirical evidence from Malaysia, Indonesia, and Vietnam suggests that non-audit services, audit fees, tenure and among other factors, can weaken independence. However, Egypt, Nigeria, and the UAE also show signals similar to those above, with different claims about rotation policies and foreign relationships boosting audit quality. As a whole, the present results support the theory that independence influences quality and underscore the

importance of retaining auditor objectivity to maintain credible financial reporting within developing market systems.

Bibliometric Analysis Results

Article Distribution by Year and Trends

The annual number of studies shows an increasing amount of scholarly attention on auditor independence and audit quality. Although initial publications were scarce, the number of papers published in 2020 and again in 2025 spiked dramatically. This increase is presumably driven by greater academic and policy attention following recent governance reforms and audit regulatory changes in some developing countries. Overall, the trend topics, especially "audit quality" and "auditor independence," continue to be dominant over the examined years, reflecting that the theoretical relevance of this field has expanded with empirical depth. The trend indicates a transition from exploitation research to more structured, contextually oriented research on independence antecedents and audit effects.

Table 2. Annual Scientific Production

Year	Articles
2015	0
2016	1
2017	0
2018	2
2019	3
2020	5
2021	2
2022	1
2023	2
2024	1
2025	5

Source: Biblioshiny (RStudio)

Table 3. Trend Topics

Term	Frequency	Year (Q1)	Year (Median)	Year (Q3)
audit quality	18	2019	2020	2023
auditor independence	10	2019	2020	2023
independence	5	2018	2020	2020

Source: Biblioshiny (RStudio)

Most Relevant Sources and Authors

The analysis of sources and authors in the bibliometric map indicates that studies on auditor independence and audit quality in developing economies have been published in a few top-tier accounting journals. These channels, which generally focus on regulatory implications and institutions, are critical for orchestrating discussions on audit reform and professional ethics. The highest contributors are primarily affiliated with universities in Southeast Asia and Africa, indicating strong research interest in those regions in topics such as audit reliability, independence, and institutional openness, and suggesting that research on this topic is very limited in developing economies. The concentration of research around these authors and journals indicates the emergence of a developing but cohesive community that is contributing to discussions on audit quality and emerging markets.

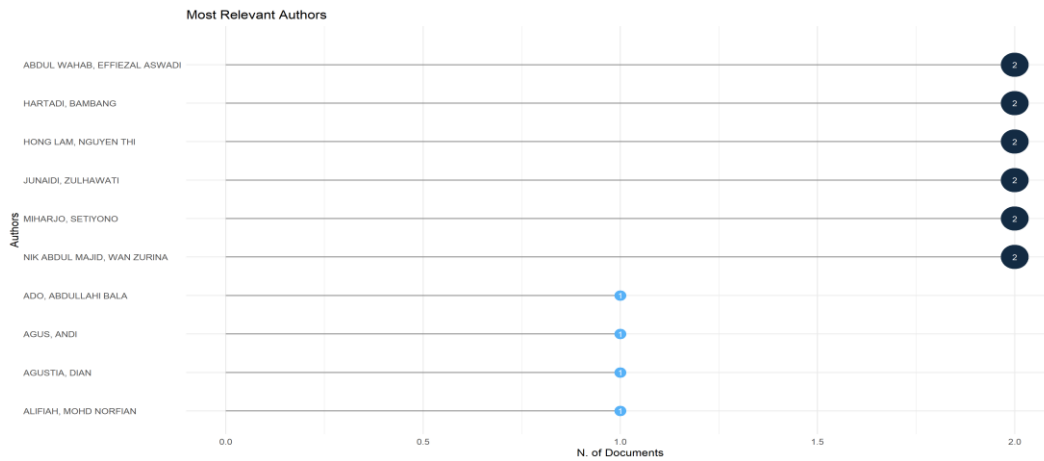


Figure 3. Most Relevant Sources
 Source: Biblioshiny (RStudio)

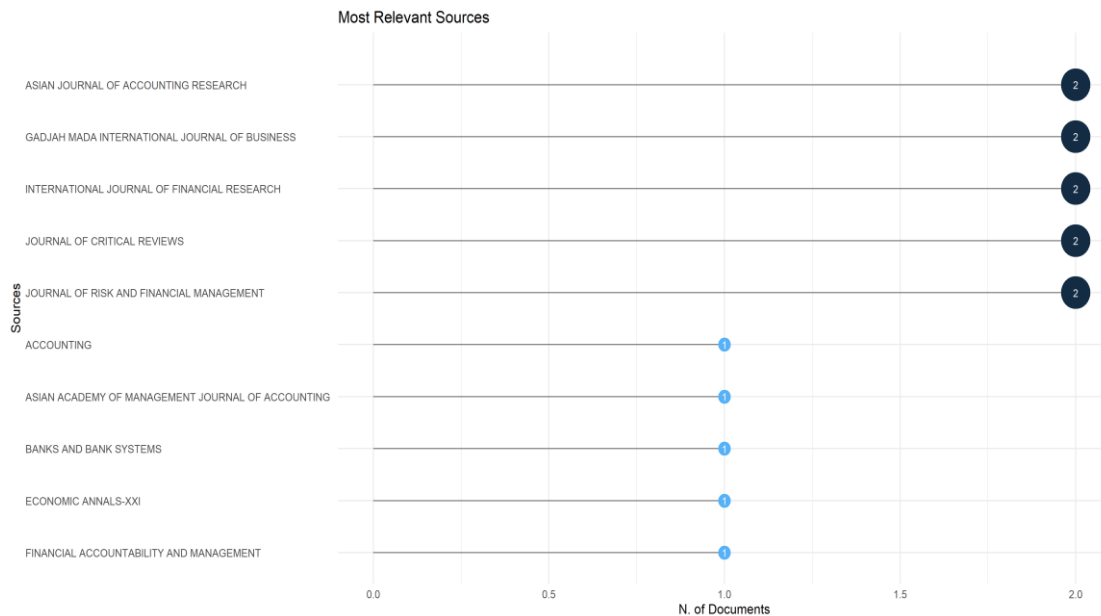


Figure 4. Most Relevant Authors
 Source: Biblioshiny (RStudio)

Keyword Co-occurrence and Thematic Mapping

The mapping of keyword co-occurrence and thematic analysis demonstrates that there are three main research clusters: (1) auditor independence and non-audit services, emphasizing both the economic dependency and service diversification; (2) audit quality and professional skepticism, emphasizing the behavioral consequences of these relationships as well as their ethical dimensions; and (3) corporate governance and ethics, namely linking audit oversight to board structure or regulatory enforcement. These clusters suggest that the field has moved beyond mere technical factors and now includes governance and ethical considerations. The thematic evolution indicates a trend toward greater integration of institutional theory and professional ethics, underscoring that long-term audit quality in emerging markets requires structural changes supported by ethical independence and regulatory accountability.

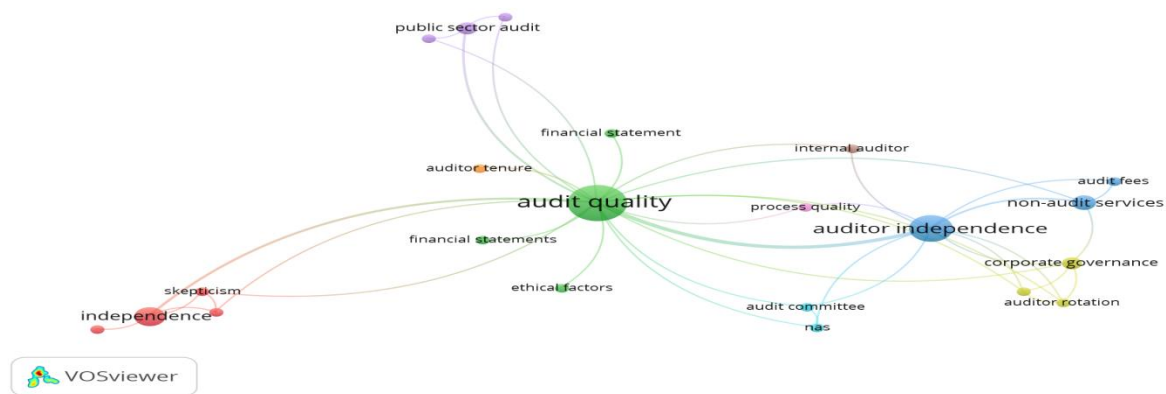


Figure 5. Mapping Keyword
Source: VOSviewer

Discussion

Having used the systematic literature review alongside bibliometric analysis, this study aims to explore the interconnection between auditor independence and audit quality in the context of developing economies by exploring their intricate relationship. This section discusses the research questions, theoretical and practical implications, contributes to the literature and the gaps in the present literature, as well as implications for policymakers, the ecosystem, and stakeholders.

Interpretation of Key Findings: Answers to Research Questions

Through the systematic literature procedures, the study has found that auditor independence significantly influences audit quality, confirming Agency theory to be the central part of this assumption. That is because, this theory show us how these two variables (auditor independence and audit quality) are links, and to assist us in explaining how the independence of auditors can strengthen their monitoring role, reduce agency conflicts and information asymmetry, thus eventually leading to high quality audit reports, especially in developing economies, where there are more intense agency problems. Professional skepticism is a fundamental factor to positioned auditors to exercise independence, alongside detecting misstatement materials, and resisting pressure from both clients and corporate governance, which guide them in enhancing the reliability and credibility of financial reports (Al-hajri, 2017). The study gathered evidence from empirical studies conducted in countries such as Malaysia, Nigeria, and Vietnam, and findings have consistently demonstrated that independence in these regions has a reducing influence on earnings manipulation and equally improves reliability of financial reporting (Egbunike et al., 2025; Tien et al., 2019).

In addition to answering RQ1, the findings also indicate that in ensuring audit quality, independence cannot be alone, especially in the absence of reinforcing institutional mechanisms. In poorly governed settings, economic incentives and political pressure can erode auditors' independence, even when they comply with formal standards. Even in regulatory environments equipped with independence rules, lax governance arrangements keep the economic dependency and political influence at a level that compromises auditors' impartiality, indicating a gulf between formally enunciated independence and its practice. This is consistent with the results obtained by Eldaly et al. (2022), who also found that regulatory enforcement and institutional quality are important factors of the effective independence in Egypt's audit market. Hence, independence is best thought of not as an end state but as contingent on a wider range of institutional capacity.

To answer RQ2, this study has identified key moderating and mediating variables that condition the auditor independence-audit quality relationship. The most influential variables that determine this relationship include audit fees, tenure, non-audit services (NAS), political pressures, and regulatory mechanisms. Each of these variables influences the independence-quality relationship; for instance,

longer tenure may increase the auditor's knowledge and efficiency with a client, but it can also create familiarity threats, which can obviously weaken or impair the auditor's sole objectivity over time. Additionally, the provision of non-audit services (e.g., advisory services or tax consulting) can enhance knowledge spillovers in this relationship but also lead to self-review threats and economic dependency, which are detrimental to the independence-quality link.

According to El-dyasty & Elamer (2020), under certain conditions, regulatory mechanisms such as mandatory audit rotation and restrictions on non-audit services (NAS) have been shown to effectively reduce auditor independence threats arising from long auditor tenure, audit fees, and NAS. The appointment of independent auditors by the audit committee as well as by the board has also been put forward as a governance device that mitigates potential conflicts in relation to independence and objectivity. The existence of these moderators certainly indicates that the independence-quality association is not straightforward but rather depends on a dynamic interplay among interdependent variables. This interchange highlights the necessity of context-specific control. Policies that have worked in advanced economies (e.g., long-tenure restrictions) may not work the same way in developing contexts with a limited number of audit markets, which are concentrated on a few large ventures. So, the trade-off between stability (via tenure) and independence (via rotation) remains a significant policy challenge.

Notwithstanding the significant contributions of previous research to understanding the link between auditor independence and audit quality, this systematic review identifies areas for further investigation in both developed and developing countries. These deficiencies are classified into conceptual, contextual, methodological, and emerging topical themes.

While contemporary studies generally support a positive association between auditor independence and audit quality, few have presented integrated models encompassing economic, institutional, and cultural factors. When they do, most investigations treat independence as a regulatory concept or ethical value, overlooking its multidimensionality. There is also a lack of knowledge about how perceived independence (stakeholder trust and public confidence) interacts with actual independence (regulatory compliance) to affect audit quality. Future research in this area should therefore also position independence as a behavioral and institutional phenomenon that could be integrated with professional ethics, governance quality, and public accountability constructs into coherent theories.

Most evidence to date has focused on a few developing countries, including Malaysia, Nigeria, Indonesia, and Egypt, with major other regions (in particular Sub-Saharan Africa, the Middle East, and Latin America) underrepresented. Fourth, given the very distinct institutional dynamics that characterize these regions, there is also a need for cross-country comparative research to examine institutional heterogeneity and to test how different legal systems, ownership structures, and political stability shape the independence-quality relationship. There is also limited research on the public sector audit environment, where independence threats are likely to be greater due to government control and political influence.

Methodologically, most studies use a quantitative approach, with regression analyses and secondary data from listed companies. Although potentially valuable, these approaches may not capture the social, cultural, and ethical aspects of independence. Few studies apply qualitative and mixed-methods research (e.g., interviews with auditors, regulators, or audit committee members) to describe lived experiences and behaviors that shape independence in practice. Moreover, little research employs longitudinal designs that trace the impact of regulatory reforms or rotation policies on audit quality over time. Accordingly, future research should utilize multi-method, cross-disciplinary methodologies to increase the depth and contextual richness of results.

Finally, theoretical development remains limited. Although these theoretical perspectives have contributed to our understanding of auditor behavior, a complete explanation of the effects that professional ethics, social norms, and market pressures exert on audit decision-making remains

elusive. Current models need to be broadened, perhaps via theoretical hybridization that incorporates economic, sociological and behavioral perspectives, to capture the complexity of independence in developing economies. The inclusion of Stakeholder Theory, Behavioral Ethics Theory, and Legitimacy Theory can also enhance future studies by focusing on the societal and ethical aspects in which audit practice is engaged.

Theoretical Implications

The findings from this study have several contributions to understanding the theoretical implications regarding the independence-quality relationship. First of all, it supports the agency theory, which states that independence enhances monitoring effectiveness and reduces agency costs between the principal and the agent. This fact is already known; however, through this study, the theory goes beyond to argue that the conditions underlying it, particularly regarding rational contracting and enforcement, may be less effective in developed economies where informal institutions prevail. Secondly, in the context of Institutional Theory, the study has demonstrated how coercive pressures such as international standards, normative pressures such as professional ethics, and mimetic behaviors, including the adoption of Big 4 practices, combined to determine audit behavior in developing economies. This argument is consistent with the contention that institutional context shapes theoretical relationships, accounting for how similar reforms yield different outcomes across countries. Finally, Stakeholder Theory in the theoretical framework emphasizes the larger social function of auditors as behalf interest agents, and their credibility retains not only shareholder confidence but is also foundational to market integrity. Placing independence in a stakeholder-based setting, this study demonstrates that audit quality is neither a technical nor a moral concept but a socially determined concept shaped by the call for transparency and accountability.

Practical and Policy Implications

From a practical perspective, the results have several implications for regulators, providers, and policymakers. Promoting auditor independence in emerging economies should pursue the agenda in multiple directions, including ethical cultivation, regulatory oversight, and institutional reform. The following recommendations are suggested by the authors for regulators and policymakers to prioritize: Introduce and ensure the strict enforcement of mandatory auditor independence to reduce familiarity threats. Limit the number of non-audit services auditors or audit firms offer to diminish the economic dependence. Strengthening audit oversight arrangements through independent regulators. Advancing ongoing professional ethics education and certification for auditors, to reminding auditors on the importance of maintaining professional skepticism.

Audit firms and auditors have to balance commercial interests against independence. Supporting internal quality control, promoting ethical cultures and developing transparency in engagement practices are crucial avenues for maintaining public trust. In addition, programs of capacity building, especially those targeting the local audit firms, can help to break the power hold of a small number of dominating market participants, bringing about both competition and independence. Internationally, development partners such as IFAC and the World Bank play an important role in facilitating institutional change through resourcing and technical assistance, and in ensuring that global standards align with local realities. These kinds of collaborative activities are necessary to ensure the integration of independence as an organic cultural standard rather than something to be achieved through actions.

CONCLUSION

This study conducted a systematic literature review through the PRISMA guidance, alongside a bibliometric analysis to explore the independence-quality relationship in developing economies, and through this procedure, the study has found that auditor independence continues to be the most influential determinant of audit quality, because independent auditors ensures greater percentage of professional skepticism, reduce information asymmetry and enhance the reliability, credibility and objectivity of financial reporting. Nevertheless, the study also found that independence alone does not stand out to determine the quality of audit, especially if it is not supported by strong regulatory

enforcement, ethical commitment and institutional support. These factors must be well placed to support the independence of auditors to ensure high-quality audits; if not, independence is likely to be impaired, which may result in producing low-quality audits. The consistency and strength of the independence-quality relationship lies in the high contextual dependence, which varies across different economies, due to differences in regulations, governance and legal systems, and political interference. Findings from the study also illustrate that moderating and mediating factors such as audit fees, tenure, non-audit services (NAS) provide a further dimension, which shapes the independence-quality relationship, indicating that longer auditor tenure, advisory or consulting roles and economic dependence often undermine the objectivity of auditors.

In addition, the existence of weak institutional capacity, corruption and cultural norms that prioritize loyalty and relationships at the expense of impartiality still limit true independence in many developing countries. An integration of Agency, Institutional and Stakeholder theories shows that such findings are multidimensional, with auditor independence being not just economically necessary but also a socio-ethical construct, that is influenced by environmental, institutional and stakeholder pressures. Generally, the study ascertains that addressing effective auditor independence and audit quality in developing economies would necessitate reforms tailored to enhance enforcement mechanisms, ethical standards, and governance structures, alongside bringing regulatory interventions in line with peculiar institutional characteristics.

Despite the extensive findings delivered by this review, it still has several limitations and therefore presents research gaps, which require further exploration. First, the search of published literature may have publication bias because studies with significant outcomes tend to be published in academic databases. Second, the majority of reviewed studies employed quantitative approaches, which have restricted our knowledge about the behavioral and ethical aspects of independence. Such mixed-method approaches are strongly recommended for future studies, which could help to introduce some in-depth understanding and sensitivity into analyses of quantitative datasets. Third, cross-sectional studies are required to investigate how institutional factors (e.g., legal origin, corruption levels and political stability) affect audit practices in different countries. Finally, trending topics such as digital audit technologies and ESG assurance related to data analytics should attract academic interest since they are generating new independence threats (e.g., technology dependency or algorithmic bias) that might not be covered by known frameworks.

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