



The Role of Auditor Independence in Audit Quality and Fraud Mitigation: A Systematic Literature Review

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Abstract

Purpose: This study seeks to investigate the contribution of auditors' independence to the quality of audit services and the mitigation of financial fraud. It also analyses the contextual, technological, and behavioural factors that influence auditor independence. By integrating perspectives from both developed and emerging economies, the study highlights overlooked issues of independence in digital auditing and gender governance, while suggesting directions for future research and policy development. **Method:** This study employed a Systematic Literature Review (SLR) guided by the PRISMA framework. The review consisted of 72 peer-reviewed journal articles obtained primarily from the Scopus-indexed database. The selected articles were analysed to identify key themes related to auditor independence, audit quality, fraud prevention, digital tools, and regulatory environments. **Findings:** The findings identify four main themes: (1) the impact of auditor independence on the credibility of audit reports, (2) the role of independence in fraud detection and prevention, (3) the influence of digital tools on independent audit judgment, and (4) differences in independence practices across regulatory environments. The study concludes that auditor independence enhances professional skepticism and strengthens audit reliability. **Implications:** This SLR provides implications for audit firms, regulators, and academics. Audit firms need to strengthen safeguards for auditor independence, enhance ethical training, manage non-audit service risks, and reinforce functional independence through stronger governance mechanisms. Regulators should improve oversight and policy frameworks to ensure independence is maintained in both traditional and digital audit environments. For academia, the study identifies research gaps and provides opportunities for future empirical and comparative studies on auditor independence.

Keywords: auditor independence, audit quality, financial fraud, technological tools, governance

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Introduction

The Enron, Wirecard, and Satyam Computers scandals have exposed significant weaknesses in standards concerning auditor independence, ethics, and the responsibilities of auditing as a professional field. These scandals illustrate the catastrophic consequences, often

referred to as collateral damage, that arise from the absence of a proper auditor independence framework. A notable example of this scenario is the Enron scandal, where Arthur Andersen, the firm's auditor at that time, was accused of overlooking the extensive financial manipulation of the firm because of the tight-knit partnership they maintained with Enron. The root of these numerous audit failures is due to the lack of professional skepticism, according to Cilliers (2023).

Under this framework, independence of the auditor is not a checklist item for compliance; rather, it is a fundamental factor of audit credibility that affects the trust stakeholders place in the information being presented. The Wirecard collapse serves as a parallel cautionary tale: a once celebrated innovation regarded as the giant of the fintech world, Wirecard fundamentally deceived the world by fabricating billions in assets. Harber et al. (2022) indicated that, public interest claims of auditors are increasingly challenged in the face of audit malpractice, which reveals a systemic absence of transparency, accountability, and governance. This shift marks an increasing deficit of trust in the normative frameworks that sustain conventional auditing.

In contrast, the Satyam Computers scandal brings to light another equally worrisome aspect of audit compromise, which is the involvement of the auditor in fraudulent activities perpetuated by the management of the company, revealing the precarious nature of trust within audit engagements. The considerable economic impact of this case, along with the auditors' lack of independence, led to deep regulatory soul-searching in India's corporate governance system. An (2023) emphasizes the importance of audit committees, claiming that their existence and active engagement are the primary tools to suppress excessive managerial illegitimacy and promote openness and audit reliability in the future.

The core purpose of auditor independence is its role in enhancing the reliability and accuracy of financial reporting. Independence may be defined as the ability of auditors to carry out their duties without any impartial judgment from external forces or personal stake. This relationship is well established in empirical researches. For example, Viet Ha et al. (2023) assert that the reduction in the independence of auditors, which is often caused by the ineffectiveness of the board of directors, is related to decreased confidence in the financial reporting ecosystem. Moreover, Hrazdil et al. (2024) provided that the selection of the auditor as well as the independence of the auditor is critical to improved informativeness and trust placed on audit disclosures.

Equally, the relationship between independence of the auditor and professional skepticism is very important. Independence of auditors helps in the ethical evaluation and in the proper analysis of material information thus improving the audit quality and the possibility of financial misstatements (Parluhutan et al., 2022). This helps auditors to dispute management claims more decisively and helps prevent fraudulent and material misrepresentation of the truth. In the same way, audit committees, which act as the guardians of the financial truth, depend on the lack of relation of the other auditors to perform their fiduciary duties properly, as pointed out by Lee & Phua (2022).

Within governance frameworks, independence builds upon ethical frameworks of conduct, maintaining that independence and autonomy enhances audit reliability. Lamboglia & Mancini (2021) observe that an auditor's integrity is strengthened when they are both structurally and psychologically distant from the client. Shielded by these conditions, independent auditors have greater latitude to uncover and resolve discrepancies in the financial statement, and to fulfil the audits' public safeguarding role. Recent research has provided additional evidence supporting the persuasive impact of independence on fraud perpetrated against the organization on the independence of its auditors. Dikuua et al. (2023) and Kim (2021) support this idea with the claim that an auditor's ability to detect errors is only possible because of their professionalism and lack of client entanglements. Independent

auditors are not only more willing to exercise skepticism; they are also more willing to participate at important decision points in the financial reporting cycle that minimizes the potential for fraud.

Auditor independence is not just an issue of compliance; it is the foundation of audit credibility and confidence, where stakeholders place their trust in financial reporting. An auditor's professional skepticism makes them an independent, useful professional, leading to more accurate and reliable financial statement presentations while reducing the risk of fraudulent activities. This is very important given the global trend of financial fraud, which continues to plague corporate governance mechanisms and regulatory environments worldwide. International financial monitoring organizations suggest that fraud schemes have become cross-border, industrialized, and sophisticated, indicating that auditors have an individual responsibility to maintain honest audit practices.

Although it has been evidenced that audit analytics and artificial intelligence-powered technologies are improving the efficiency and effectiveness of audit reports, assuming independence by the auditor in the context of using these technologies has received little exploration in recent studies. According to Alotaibi & Alnesafi (2023), the effectiveness of audit analytics and AI-powered software tools to enhance audits is limited in the presence of independence threats. Also, Chen et al. (2024) mentioned that audit partner rotation and increased complexity in financial reporting could undermine the independence of the auditor, which these measures seek to promote.

It is evident that previous studies have explored how auditor independence impacts audit quality; however, only few studies have synthesized these evidences across multiple contexts, especially in regions with limited or no empirical research. Additionally, the impact of auditor independence on audit quality in the context of the digital era is less explored, creating a gap this study aims to bridge. The current study also aim to address the gap that helps in understanding how contextual, behavioral, and technological factors collectively impact audit quality, because existing literature mostly focuses on individual scandals, isolated technological tools, or specific regulatory environments. Through a systematic literature review (SLR) of 72 peer-reviewed articles, the study provides a solution to address these gaps, which offers a more comprehensive analysis of the auditor independence role in enhancing audit quality and preventing financial fraud. This study also attempts to explore how contextual and institutional factors, such as applicable regulations, gender dynamics, and the adaptation of technology, influence the actual practice and perception of auditor independence. To support the study's scope of inquiry, the following research questions are developed:

RQ 1: How does auditor independence affect the quality and credibility of audit reports?

RQ2: How does auditor independence contribute to the early detection and prevention of financial fraud?

RQ3: How do contextual factors like regulatory frameworks, gender relations, and cultural traditions influence auditor independence practice?

RQ4: To what extent does modern technology improve or reduce auditor independence in contemporary audits?

Literature review

Agency theory

This theory, which was founded by Jensen & Meckling (1976), plays a crucial role in clarifying the conflict of interest between the company's management (agents) and its shareholders (principals), especially in the context of auditing and financial reporting. In agency theory, it is believed that agents may put personal interest before principals', which can create an information asymmetry that could influence decision-making. Independent

auditing provides unbiased evaluations of financial reports, thus enhancing transparency and accountability. This function is beneficial in alleviating the principal-agent problem. Broader boards comprise and utilize different skills and experiences for effective supervision and can therefore better mitigate agency disputes among shareholders (Alyousef & Alsughayer, 2021).

This signals the importance of structuring governance in solving the problems of agency, whereby independent auditors are crucial in strengthening the board's oversight role. Alotaibi & Alnesafi (2023) stress that audit software enhances audit quality and has a positive effect on AQFs. This shows how independent audits can enhance audit quality, where the use of advanced IT tools can effectively help auditors to identify discrepancies in financial statements, which in turn mitigate the informational drawbacks caused by agency conflicts. In a similar study, Salehi et al. (2022) assert that significant audit adjustments that are not disclosed can have negative effects on stakeholders, pointing out that if false statements are not found and disclosed, the opinion will cause the stakeholders to make the incorrect choice. This justifies the crucial role independent audits play in safeguarding the stakeholder interests rather than personal interest, and thus reduces the risks associated with misstatement information. Not only do independent audits serve as a safeguard in identifying a company's potential misstatements, but they also strengthen the core value of audited financial statements.

Stakeholder theory

Stakeholder theory serves as a framework for recognizing the public interest significance of auditors in the modern business environment. A business can use stakeholder theory as a tactic to improve relationships with stakeholders and guarantee the long-term viability of its operations (Dewi et al., 2025). In this theory, businesses must function within a network of connections, which is complex with different stakeholders, including suppliers, creditors, shareholders, employees, and the general public at large, all of whom have an impact on the company's success or failure. According to Valentinov & Chia (2022), who articulated that the primary foundation of the stakeholder theory is the concept that a business has stakeholders, which are a group of individuals who maintain an interest in the business's success or failure.

The auditor's responsibility to safeguard public interest aligns with this theory, amid its principles to provide independent judgments on financial statements for maintaining accountability and transparency, which serve as important tools to make informed decisions. The auditor, who also serves as a trusted professional, importantly plays an indispensable role in certifying the financial statements, which have been drawn up by management and later sent to beneficiaries (El Badlaoui et al., 2024). The theory sheds further light on the broader ESG that auditors can advocate for. The influence of external stakeholders on ESG reporting emphasizes the necessity for auditors to evaluate these factors in their assessments (Wai-Khuen et al., 2023). This is a testimony that auditors act as ethical business practices, which considers the interest of the public, rather than serving as financial watchdogs only.

In conclusion, these theories highlight the importance of auditor independence for audit quality and fraud prevention, and they link to the study's research questions. They also show how contextual and technological factors can affect auditors' judgment. These theories provide the foundation for this study and directly guide the research questions, linking theoretical insights to the investigation of auditor independence in practice.

Auditor independence

Auditor independence refers to the auditor's impartiality in making decisions throughout the audit and financial reporting process (Jacinta O, 2023). Auditor independence

is a cornerstone in two distinct dimensions, which are in fact and in appearance, ensuring the objectivity, integrity, and reliability of financial reporting, thus ensuring the credibility of audit results (Kurniawan, 2023). Independence dimension based on fact refers to the auditor's actual state of compromising professional judgment with utmost freedom. Independence dimension based on appearance, on the other hand, refers to how stakeholders perceive auditors as being objective and unbiased. Both dimensions are crucial, as reported by El Badlaoui et al. (2024), since the audit report is the only visible record of the audit assignment; it must be made easier to understand to ensure that it is relevant and contains useful information. Auditors can produce accurate and truthful judgments when they are perceived as independent in fact, and on the other hand, when auditors are regarded as independent in appearance, their reports tend to yield more trust from stakeholders. Both of the two dimensions are crucial for accountability, objectivity, and reliability, while stakeholders may lose confidence or have doubts about auditors' reports if a lack of independence arises from either of the two dimensions. Various factors, such as audit fees, audit tenure, and audit rotations, are used to measure the independence of auditors. According to Chen et al. (2024), audit results may be impacted by a certain degree of accounting complexity and the required rotation of audit partners. The rotation of auditors aims to ensure the quality of audits, which is done through the refreshing of auditors' perspectives, because the length of audit tenure can affect auditors' independence and judgment. Another method of evaluating auditor independence is through the audit fees. Increased economic ties may compromise auditors' objectivity, as evidenced by the audit cost showing the same change as the audit fees to total fees ratio (John & Liu, 2021). Concerns regarding the auditor's perceived independence may also arise from a higher non-audit fee ratio in comparison to audit fees.

Review of empirical studies on auditor independence and audit quality

A lot of empirical studies have been conducted on this topic, and that has created a relationship between auditor independence and some aspects of audit quality, such as the detection of misstatements, reduced earnings management, and higher report on audit reliability. Results from empirical studies often differ when comparing developed economies against developing economies, largely because each society's economic structure, culture, government, and everyday realities and challenges.

Detection of misstatements

Independence significantly increases the likelihood of auditors identifying misstatements. According to El Badlaoui et al. (2024), the audit report is regarded as the sole visible artefact of the auditing task, which ensures its value and usefulness. Their research indicates that audits performed within an independent setting are more likely to reveal errors due to a thorough examination of the financial documentation. This reinforces the perception that independent auditors are burdened by no external influences and therefore enjoy significantly greater professional skepticism, which is crucial for detecting possible misstatements.

Reduced earnings management

A growing body of empirical work links auditor independence with lower levels of earnings management on corporate financial statements. Al-Qadasi et al. (2023) specifically show that auditors with deep industry knowledge not only deliver higher-quality reviews but also limit the distortion of reported profits. This dynamic is crucial because an independent stance empowers auditors to question and, when needed, overturn overly optimistic accounting choices. Still, evidence across nations and sectors shows a mixed picture. Yet, evidence from heterogeneous institutional settings produces inconsistent results. In several

developing markets, auditors, financially dependent on lucrative clients, may intentionally or implicitly condone income smoothing to safeguard their revenue streams (El-Dyasty & Elamer, 2021). Thus, although enhanced independence usually inhibits earnings manipulation, contextual factors ultimately shape its effectiveness.

Higher audit report reliability

The reliability of audit reports is significantly increased when auditors are free from conflicts of interest. According to John & Liu (2021), identifying the audit engagement partner takes on significance when audit fees account for a greater portion of overall fees. This observation implies that increased transparency and accountability amplify stakeholders' trust in the reports, a trust closely linked to auditors' independence. Their evidence therefore points to the conclusion that, in mature markets, strict disclosure rules and accompanying practices provide an additional layer of assurance to the quality of the audits performed.

Auditor independence and fraud mitigation

The connection linking auditor independence with fraud mitigation is essential, especially on how independence aids in early fraud detection and preventing fraudulent reporting and overall audit quality, considering famous fraud cases like Enron and Satyam Computers. This review fills gaps in literature while discussing the increasing importance of forensic auditing and skepticism in fraud detection.

Early detection of fraud

The independence of an auditor has been proven crucial for early fraud detection by many authors in empirical research. Hrazdil et al. (2024) explain that auditors with no ties to the entity under review are more likely to step back and scrutinize differences in the statements, exercising the necessary skepticism to detect deceitful practices that might be missed in dependent situations.

Prevention of fraudulent reporting

Preventing fraudulent reporting is one paramount importance to auditor independence. Strong auditor independence, as reported by Al-Qadasi et al. (2023), can be the moderator of the efficiency of industry-specific auditors in reducing methods for managing earnings. El Badlaoui et al. (2024) also reported that, increase in independence gives auditors extra powers to challenge management claims with regard to financial outcomes, which can stop fraudulent financial statement manipulation.

High-profile fraud cases

Through the exploration of fraudulent cases like Enron and Satyam Computers, the importance of auditor independence in mitigating fraud has shed light on the field of auditing. Arthur Andersen's lack of independence in the Enron scandal is an example of how the consequences of auditor conspiracy can significantly contribute to dishonesty, which can last for many years. A similar event, which features Satyam Computers, further illustrates the importance of auditors being fully independent to avoid systematic financial fraud. This was due to auditors failing to notice obvious disparities because of their continued close ties with the management.

The role of forensic auditing and skepticism

A crucial way of reinforcing the auditor independence framework is through forensic auditing, which involves the utilization of the framework to ensure investigative techniques are applied to detect any fraudulent activity. Auditors who possess methodological skepticism

and specialized skills are more valuable, due to the evidence that they can handle the complexity of financial statements with more attention (Ismail et al., 2022). Professional skepticism, which is a cornerstone of good auditing, is defined as the ability of auditors to remain curious and evaluate information critically, especially in fraud detection. Audit failures can be mitigated with the integration of emotional intelligence in forming professional skepticism (Kharuddin et al., 2021). In a high-risk setting organization the relationship between these three dimensions, auditor independence, emotional intelligence and professional skepticism is crucial for the effective detection of fraud.

Research gaps in auditor independence and fraud mitigation

The existing body of literature regarding the role of auditor independence in the prevention of fraud contains various unexplored aspects and provides considerable opportunities for additional examination. Addressing these unexplored aspects will allow scholars and industry professionals to concentrate on regions which warrant deeper scrutiny, especially in understudied geographies and new technological innovations.

1) Understudied Regions (Africa, Southeast Asia)

Although auditor independence is universally important and considered to be a relevant topic, there is a relative research gap for Africa and Southeast Asia. Arthur et al. (2025) highlight the relationship between financial criminality and Africa's economic development. This illustrates the need for further exploration of auditor independence concerning governance and economic growth in these regions, revealing the considerable gap in developed and emerging market understanding regarding the interplay between region-specific factors and auditor independence and audit quality.

2) Need for More Longitudinal and Comparative Studies

The current literature seems to predominantly rely on cross-sectional studies, which ignore critical longitudinal aspects that affect auditor independence over time. There is a need to address the gaps in existing literature with longitudinal studies that capture changes in auditor relationships over time and their effects on audit quality and fraud detection. A gap exists that needs further investigation concerning the interplay between board politics and audit quality, which requires extensive research which will explore how changes in governance frameworks can shape auditors' behavior in various longitudinal aspects over time (Y. Kim et al., 2022).

3) Limited Studies on Technology and Digital Independence

The auditing field is experiencing technological advancement, which is crucial in ensuring accountability and transparency. Despite this development, the relationship between auditor independence and these technologies has not been fully explored. Technological tools like artificial intelligence (AI) and data analytics produced both advantages and disadvantages concerning independence. Digital technology can improve the connection between auditors' proficiency and effectiveness in evaluating fraud risks (Alaamri et al., 2024). This claim, though, needs further investigation concerning how emerging technologies affect the independence of auditors, which is very prominent in today's auditing landscape.

4) Gaps in Behavioral Aspects

Other studies have pointed out an area in the behavioral phenomenon of auditor independence and the moral conflicts auditors deal with in the ethics of their work. It has been shown, for instance, that gaining and receiving benefits can pose a severe risk to auditors' independence (Alwadani & Aljaaidi, 2024). Yet, the moral decision-making processes and other socio-psychological pressures auditors face need more attention. Research might be conducted on how personal and company cultures affect ethical action and the independence of auditors.

Method

The study employs a systematic literature review (SLR) combined with a qualitative approach, which is the most suitable approach to synthesize academic evidence within a specific research field. The SLR approach facilitates systematic, clear, reliable, and evaluative analysis of scientific data with the goal of shaping future actions and policies (Rashid, 2019).

Following the model set up by Benavides-Sánchez et al. (2025), which emphasized that the SLR has a combination of four sequential phases, namely, planning, selection, extraction, and execution. The systematic methodology described here ensures both reliability and transparency in the processes of gathering, filtering, and integrating relevant academic literature. A flowchart of the process is shown in Figure 1, with a detailed description of the overall methodological stage and the decision-making point.

Planning phase

This is the first phase of the SLR model, and it involves the identification of relevant scientific databases alongside defining key objectives of the study. The Scopus-indexed database was selected as the primary data source, having comprehensive multidisciplinary data for peer-reviewed journals in business, management and accounting. Scopus is one of the most well-known and widely used academic databases compiled for multidisciplinary data. To meet the objectives of the study, research questions were developed concerning the literature in scope, aimed at investigating the relationship between auditor independence and audit quality alongside the prevention of financial fraud.

Selection phase

This is the second phase in the sequential order, and it involves a keyword search strategy, which was developed by Boolean operators, as it is aimed at enhancing the retrieval efficiency of publications. The search strategy employs the following keywords: “auditor independence” OR “audit quality” OR “financial fraud”. The inclusion criteria for each of the selected articles were: 1) Articles available in the Scopus database; 2) Articles published within the years 2020 to 2025; 3) Articles that are concentrated on the fields of business, management, and accounting; 4) Journal articles that were peer-reviewed; 5) Articles at the final stage of publication; 6) Articles written in English and open-access.

Extraction and execution phase

In the extraction and execution stage, articles were filtered systematically narrowing down the number of articles use for this study. Moreover, aside from scope, validity, and overall quality, the articles were evaluated for redundancy, which facilitated identifying 165 articles that were most appropriate for an in-depth analysis. To ensure the dataset remained clean and free of redundancy, systematic removal of duplicate entries was conducted with the Mendeley Reference Manager. A strict criterion was used, and only literature dealing with auditor independence, audit quality, or financial fraud was included. This process resulted in 72 unique articles that were eligible for full-text review, reaffirming the relevance and novelty of the review sample. During the extraction phase, the most prominent frameworks, variables, and themes were the focus while literature was being collected. Based on qualitative analysis, selection scrutiny constitutes execution’s last step. Through the evaluation of the data, overarching themes and sub-themes were identified, which included patterns, contradictions, and gaps, and were organized into the previously defined categories.

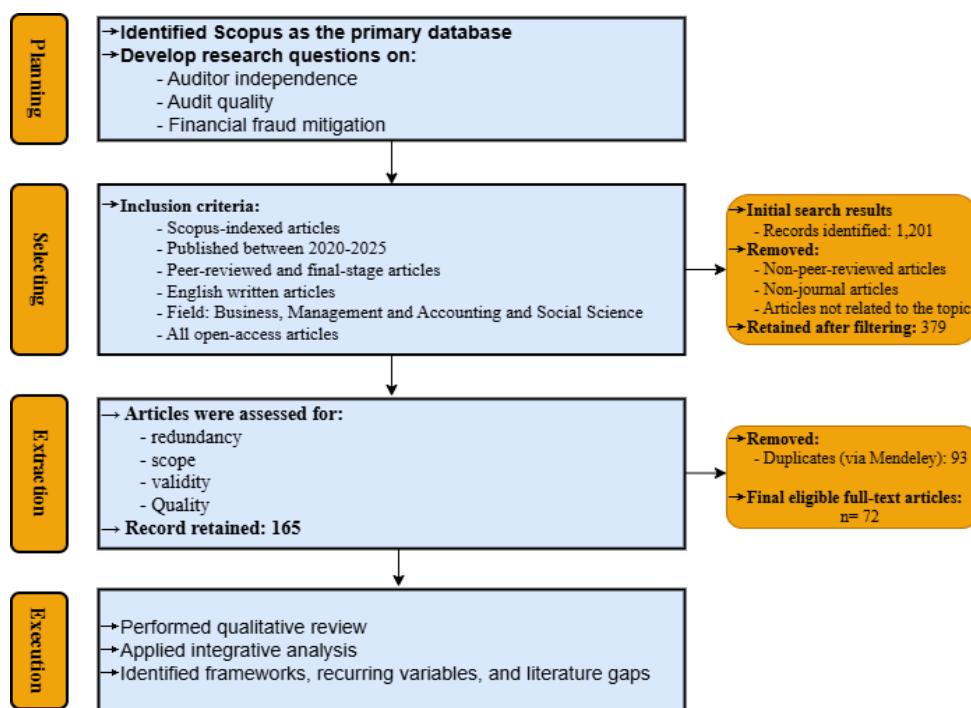


Figure 1. Research methodology flowchart
Source: Author compilation

Results and discussion

This research conducted a systematic literature review of 72 selected articles published in peer-reviewed journals and available in Scopus-indexed databases to evaluate the relationship between auditor independence, audit quality, and fraud prevention. From the review of these articles, the author was able to identify four major thematic groups, which are fundamental to the concept of auditor independence.

Table 1. Summary of key themes and findings

Key Studies	Themes	Key Finding
Ashraf et al., 2020; Chen et al., 2024; El Badlaoui et al., 2024; Hrazdil et al., 2024	Independence & Audit Quality	Auditor independence strengthens professional skepticism, enhances misstatement detection, and improves the credibility and reliability of audit reports.
Al-Qadasi et al., 2023; Ismail et al., 2022; Lisic et al., 2021; Nouraldeen, 2025	Independence & Fraud Mitigation	Independence enables early fraud detection and deters earnings management
Alotaibi & Alnesafi, 2023; Sawan et al., 2022; Nacer et al., 2024; Subedi, 2023	Independence & Technology	Independence is necessary for effective IT tool use in auditing

Key Studies	Themes	Key Finding
Arthur et al., 2025; El-Dyasty & Elamer, 2021; Yami & Poletti-Hughes, 2022	Contextual, Governance & Gender Factors	Independence practices differ across developed vs. developing economies. Also, strong governance structures and gender diversity reinforce audit quality and reduce financial misconduct.

Source: scopus-indexed database

Despite the study containing 72 articles, the table above presents the most dominant themes identified through the thematic synthesis. The remaining articles outside the table contributed to theme development, pattern identification, and interpretive analysis, which are not listed separately due to space limitations. In light of the findings in the table above, the study suggests that regulators in developing economies enhance governance frameworks and uphold stringent auditor independence standards. This suggests joining efforts such as implementing audit rotation policies, restricting non-audit services, promoting gender diversity on the board, providing guidance on digital auditing tools, and developing compliance tools. These actions can improve audit quality, help prevent fraud, and boost stakeholder confidence in financial reporting.

The discussion section outlines the principal observations, analyzes those considering relevant theories and prior empirical studies, and discusses the implications for theory and practice for audit firms, academia, and regulators. The discussion is structured around the major themes that were identified earlier in the results section.

Auditor independence as a mechanism to enhance audit quality

The examined studies emphasize the link between auditor independence and the quality of audit services provided. This reinforces the principal-agent problem outlined in Agency Theory by Jensen & Meckling (1976) as it claims that management will behave self-servingly in the absence of an effective organizational framework to curb such behaviors. Effective organizational restrictions, such as the auditor's independence, enable impartial assessments of the firm's financial statements, thus lowering the information asymmetry gap between the stakeholders and the management. As indicated in the empirical studies carried out by El Badlaoui et al. (2024) and Hrazdil et al. (2024), independent auditors are more attentive and aggressive in defending the opinions they have formed in the course of their functions. This suggests that independence is not merely a characteristic of the auditor but, rather, an actual and mental protective mechanism of the audit that is used within the audit system and during the audit.

Nonetheless, the discrepancies in audit quality across regions, particularly in developed countries against developing countries, call for questions about the consistency in the application of widely accepted independence standards. In the context of weak regulatory frameworks, auditors may project an appearance of independence, yet they are vulnerable to economic or personal relationship-based pressures. These distinctions highlight the need for greater enforcement of independence beyond mere compliance.

Auditor independence and fraud mitigation: a functional imperative

A key aspect of the independence of an auditor is the safeguard it provides against the occurrence of financial fraud. Independence, together with professional skepticism and

forensic methods, enables auditors to thoroughly analyze complex financial structures and detect warning signals as early as possible. The importance of this function adheres to the stakeholder theory of the firm, which considers auditors to be the representatives of the public interest, granting them the profound duty of loyalty to look after the welfare of multiple parties, and not just the shareholders.

The infamous scandals of Enron, Wirecard, and Satyam Computers mark the dramatic fallout of the loss of independence of auditors. Each of these cases had economic, social, or political weaknesses, which produced a submission framework for the auditors because of the systemic capture of their professionalism by authoritarian managerial considerations, thus leading to profound monetary devastation and the erosion of trust among the stakeholders. Research from Ismail et al. (2022) and Al-Qadasi et al. (2023) shows that independence helps not only in the detection of fraud but also empower the auditor to query and confront management claims. This emphasizes the pragmatic significance of independence as a primary requirement for effective fraud prevention.

Technological advancement and the independence dilemma

With the evolution of audit practices due to the advent of new technologies such as artificial intelligence, analytics, and automated audit systems, a new question arises: how can we preserve auditor independence in a more digitized world? While Alotaibi & Alnesafi (2023) stress the impact of audit software on improving the quality of audits, the use of such software heavily relies on the auditor's independence and discretion. Independence allows interpretation of facts without ethical restrictions, which is important in the use of technology to identify abnormalities. In the absence of independence, no matter how advanced the technology, it will always be subject to the demands of the client. This aligns with Nelson's (2005) thoughts on behavioral auditing, where he claimed that technological devices are only as impartial as the experts who operate them. Digital independence, or the ability to interact with technology without bias or sway, remains an important but underexplored concept that deserves further investigation.

Contextual influences: region, gender, and governance structures

Auditor independence practices are rooted in the socio-economic, legal, and governance frameworks of different regions. Studies from Africa and Southeast Asia have shown that independence is often hampered by soft enforcement, culture, and economic relationships (Arthur et al., 2025). This is why independence is not a universal constant; it must be contextualized due to institutional maturity and governance frameworks. Moreover, according to Yami & Poletti-Hughes (2022), gender diversity within governance structures illustrates that the mere existence of independent women on the board of directors decreases the chances of financial misconduct. This emphasizes the sociological aspect of independence and also adds behavioral and ethical dimensions to the conventional audit paradigms.

Implications for audit firms, academia and regulators

The findings have many implications for audit firms, academia and as well as for regulators. Audit firms: Audit firms need to train their auditors when utilizing artificial intelligence and other advanced technologies, not only on technical aspects but also on ethical fortitude and skepticism. Academia: Future scholars in academia should focus on the gaps mentioned, particularly longitudinal studies and digital independence, and integrate interdisciplinary frameworks such as behavioral ethics, data science, and sociology to comprehend the complexities of auditor independence. Regulators: Particularly in developing countries, regulators are required to ensure that formal independence and functional

independence are distinguished concerning audit rotations, cooling-off periods, and the non-audit service prohibitions.

Conclusions

The study concludes that the independence of auditors is interconnected with aspects of audit quality and as well as financial fraud mitigation. Based on the analysis of the 72 academic journals, it is evident that independent auditors are better at detecting and preventing financial statement manipulation, as well as issuing accurate and reliable audit reports. Independence enhances not only the assurance of financial reporting but also facilitates the proactive identification of fraud by applying skepticism and sound ethical analysis of professional judgment. Moreover, technologies like audit programs, as well as AI and similar applications, improve audit functions, but their efficiency depends on the auditor's detachment. The application of technology without appropriate measures to protect audit impartiality may undermine audit quality. Additionally, factors such as the local regulatory environment, governance structures, and even demographic factors like gender show that the practice and effectiveness of auditor independence are not the same around the world. In this context, the enhancement of institutional frameworks and ethical norms is vital for the independence in both developed and developing audit environments. Findings from the systematic literature review showcased that independence is multi-dimensional. Besides compliance, it encompasses behavioral, ethical, and technological areas. The impacts on audit quality, fraud prevention, and trust from stakeholders are considerable and therefore require more academic and professional attention.

This research encountered several challenges during the data collection and processing phases. First, the Scopus database, although credible and widely used, does not include all literature which may have been pertinent to the review, thus narrowing its comprehensive scope. Second, the review period from 2020 to 2025 may omit some important and relevant works published before they even existed. Third, limiting the publications to English language journals created further exclusions of evidence, particularly from where local language descriptions might provide critical analysis, such as in the case of non-English publications focused on journals. Though filtering articles by titles, abstracts, and keywords is a logical system to streamline data, it poses the risk of filtering studies that are indirectly relevant. Lastly, even though standard rules were created for inclusion and exclusion, the selection process remains susceptible to bias based on non-objective reasoning.

In ensuring that the existing gaps are effectively addressed, priority in future studies must follow these directions: **Regional Studies:** Future research should conduct empirical research in understudied societies, such as Africa and Southeast Asia, to assess the universal challenges and the perspectives of audit independence, and its impact on fraud mitigation. **Longitudinal Analyses:** Future research should use longitudinal methods to capture changes in auditor relationships over time and their effects on audit quality and fraud detection. **Technological Integration:** Future research should investigate the implications of digital tools such as AI and how emerging technologies affect the independence of auditors. **Behavioral Insights:** Future research should examine the ethical challenges auditors face in their roles and how these dilemmas affect their independence and effectiveness in fraud detection. This suggestion aligns with the research gap identified earlier, which shows that receiving benefits, company culture, and personal pressures can lead auditors to compromise their judgment and ethical decision-making. By examining these dynamics, future researchers can gain insight into how behavioral factors influence auditors' ability to detect and prevent fraud effectively.

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