

## 会计师事务所为新承接的审计客户配置了更有经验的项目负责人吗？\*

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### 摘要

与连续审计客户相比，会计师事务所对从其他事务所变更而来的客户的了解程度较低，需要发生的初始审计投入和面临的不确定性较高，因此从风险管理和业务质量控制的角度需要事务所配置执业经验较丰富的审计项目负责人。然而，本文发现，中国证券市场的经验数据并不支持会计师事务所风险管理和业务质量控制假说，具体表现为：(1)在中小规模事务所中，新承接客户的项目负责人的执业经验显著低于连续审计客户；(2)尽管大规模事务所为新承接客户配置的项目负责人的执业经验显著高于中小规模事务所的新承接客户，但仍未显著高于大规模事务所的连续审计客户；(3)即使对于新承接客户中的较高风险组，前两项发现仍然适用。对于上述“异象”，本文作出了进一步讨论。

关键词：会计师事务所变更、业务质量控制、审计项目负责人、执业经验

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## 一、引言

本文考察了我国会计师事务所对于从其他事务所变更而来的上市公司客户(以下简称“新承接客户”),是否配置了更有经验的审计项目负责人。就会计师事务所变更研究领域而言,大量以往文献考察了变更动因、变更后的审计定价特征以及对审计质量的影响(如DeAngelo, 1981a; Chow and Rice, 1982; Francis and Wilson, 1988; Simon and Francis, 1988; Craswell and Francis, 1999; Lennox, 2000);关于我国的会计师事务所变更研究,也有一定积累(如李爽、吴溪, 2002a; Chan *et al.*, 2006)。<sup>2</sup>对于会计师事务所变更的后果研究,以往的学术研究主要关注事务所变更对财务报告与审计结果的影响。在研究方法上,研究者主要衡量这种影响链条的两端,其中一端为事务所是否变更,另一端为公司的财务报告特征或审计结果特征;但缺少对这种影响的具体传导机制的细致、深入观察。

在事务所变更对审计质量产生影响的链条中,重要的初始环节是后任事务所的客户承接决策与审计人员配置问题。近年来,逐渐有文献较为深入地考察会计师事务所的新客户承接与审计人员配置的关系(Johnstone, 2000; Johnstone and Bedard, 2001, 2003; Asare *et al.*, 2005)。这类研究的一个主要思想是,作为事务所风险管理的一种方式,配置更有经验的审计人员可以缓解客户给事务所带来的风险,从而增加承接该风险客户的可能性。尽管较早的一项实验研究(Johnstone, 2000)并没有发现审计合伙人倾向于采用这种方式,但在随后的事务所内部档案数据研究中,Johnstone and Bedard (2003)发现配置更有经验的审计人员可以缓解客户风险对事务所承接客户的负面影响。另外,Johnstone and Bedard (2001)和Asare *et al.* (2005)分别提供了事务所内部档案证据和实验证据,显示事务所能够针对客户的某些风险因素计划配置更有经验的审计人员。

上述研究侧重考察了审计人员配置计划对承接客户决策的影响。其中来自会计师事务所内部档案的样本主要是事务所投标的客户(包含了实际承接的新客户和未承接客户),审计人员经验配置的度量主要是投标档案中的计划数据;而在实验研究中,审计人员的经验配置主要通过参加实验的审计人员的主观意愿加以反映。

本文尝试对会计师事务所的风险管理和业务质量控制研究领域作出以下拓展:

其一,研究的事务所变更环节向后延伸,以往文献主要考察事务所在承接客户之前的决策影响因素,本文则考察事务所在承接新客户之后对审计人力资源的配置特征。同时,本文考察了审计人力资源的实际配置,从而对计划的配置水平(Johnstone and Bedard, 2001, 2003)或实验得到的配置意愿(Johnstone, 2000; Asare *et al.*, 2005)作出拓展。

其二,一般意义上的审计人力资源配置研究主要从审计工时及其在不同级别项目组成员间的分配角度进行考察(如Palmrose, 1989; O'Keefe *et al.*, 1994; Dopuch *et al.*, 2003; Asare *et al.*, 2005; Bell *et al.*, 2008),本文则从执业经验的角度观察审计人

<sup>2</sup> 可进一步参见李爽、吴溪(2002b)和吴联生、刘慧龙(2008)的相关回顾。

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力资源的配置，拓展了相关领域的研究维度。而且，以往的实验或调查问卷研究通常采用审计人员的专业职位级别(如合伙人 vs. 经理 vs. 职员)衡量审计人员之间的执业经验差异，本文则分别从执业年限和累计负责项目数量这两个维度计量审计人员的执业经验，拓展了审计师执业经验这一概念在实证研究中的变量操作。

其三，审计项目负责人往往主导着审计项目组的业务执行效率和质量，并对会计师事务所分派的审计业务的总体质量负责，因此专门考察审计项目组中的项目负责人的经验配置特征具有重要意义。由于在中国证券市场中能够直接观察到公开披露的上市公司审计项目负责人信息，本文为检验审计人力资源配置特征提供了公开档案数据和大规模的样本，这也拓展了以往的事务所内部档案数据、实验数据这类较小规模样本的研究，增强了研究结论的可推广性。

在以上拓展的基础上，本文分析并检验了会计师事务所针对审计客户的一项基本风险特征(新承接客户 vs. 连续审计客户)会如何配置不同执业经验的审计项目负责人。由于执业经验丰富的注册会计师属于事务所内部的稀缺资源，因此如何为不同的审计客户配置不同执业经验的项目负责人，是事务所客户风险管理和业务质量控制的重要问题。

由于会计师事务所对新承接上市客户的了解程度较低，业务风险及不确定性较大，因此需要项目负责人具备更高的专业胜任能力，从而提供更高程度的业务质量控制。相应地，事务所风险管理假说预期新承接的上市客户伴随着执业经验更高的审计项目负责人。然而，本文基于2001至2005年中国证券市场的经验证据并不支持事务所风险管理假说。笔者发现，中小规模会计师事务所为新承接客户配置的项目负责人的执业经验显著低于其连续审计客户。尽管笔者发现大规模事务所为新承接客户配置的项目负责人的执业经验显著高于中小规模事务所的新承接客户，但仍未显著高于大规模事务所为连续审计客户配置的项目负责人，因此同样不支持事务所风险管理假说。即使对于新承接客户中的较高风险组，上述发现仍然适用。对于上述“异象”，笔者进一步讨论了可能的解释，并有待于未来进一步的研究。

本文随后各部分安排如下：第二部分提出研究假说；第三部分说明本文的研究设计；第四部分列示研究结果；第五部分为结论和进一步的讨论。

## 二、研究假说

### (一)会计师事务所风险管理假说

审计技术的一个重要特征是，针对每个特定客户的审计都要发生重大的起始审计成本(DeAngelo, 1981b)。由于缺少对首次承接客户的深入了解(包括其变更事务所的真实原因)，会计师事务所可能面临着比连续审计业务更加复杂、更不确定或更具风险的审计任务。根据相关的国际审计执业标准，不论是连续审计客户还是首次承接客户，事务所都应当配置具备适当胜任能力的审计人员；而在为首次承接

业务配置审计师时需要比连续审计业务有更多的考虑(例如配置更具胜任能力的审计师)。<sup>3</sup>这样做的好处不仅在于确保首次接受委托年度的审计质量,还能够为同一客户以后年度的审计业务质量打好基础。根据国际审计标准,胜任能力的重要形成途径之一是执业经验(IFAC, 2007, 171)。与国际审计标准的基本原则一致, Bell *et al.* (2008) 来自某国际四大会计师事务所的经验证据显示,对新承接客户投入的总审计工时以及各个级别审计人员的审计工时均显著高于连续审计客户的对应审计工时。

自1996年以来,中国证券市场的监管者逐步对上市公司变更会计师事务所的信息披露和公司治理要求予以建立和完善(李爽, 吴溪, 2002a)。自2002年起,我国注册会计师行业组织便开始将上市公司变更会计师事务所(也称“炒鱿鱼、接下家”)作为每年行业监管检查的重点对象,检查力度在近年来亦不断稳固与强化(李爽, 吴溪, 2002b; 中国注册会计师协会, 2008)。监管机构和行业组织对上市公司变更会计师事务所如此关注,目的在于尽量使发生事务所变更的上市公司的审计质量不会因为这种变更行为而发生减损。相应地,一家事务所如果承接了来自其他事务所的上市客户,必将面临更高的被检查概率。因此在非技术层面,配置更有经验的人员负责新承接的上市客户,更能体现会计师事务所对新承接客户的重视,从而有助于缓解监管机构对审计质量(特别是胜任能力方面)的顾虑,降低事务所的监管风险。

另一方面,长期以来,中国证券市场中执行上市公司审计业务的签字注册会计师资格受到了严格的管制,要求取得证券、期货相关业务许可证。取得条件包括通过专门设立的证券执业资格考试(自1997年起),具备相关执业年限(取得注册会计师执业资格证书一年以上),以及其他执业要求。<sup>4</sup>在这种管制下,能够为上市公司签署审计报告的注册会计师人数非常有限,<sup>5</sup>其专业技术水平和执业经验均显著高于普通的注册会计师,因此这些人员本身在会计师事务所内部就属于稀缺资源,其中执业经验丰富的审计师则更加稀缺。因此,事务所有必要将稀缺的项目负责人资源配置到具有更高风险的审计项目中。

基于上述的会计师事务所风险管理假说,笔者提出以下可供检验的假设:

**H1: 与连续审计的上市客户相比,会计师事务所会为新承接的上市客户配置执业经验更高的审计项目负责人。**

<sup>3</sup> 参见国际会计师联合会(IFAC, 2007)发布的《ISQC1——会计师事务所质量控制》、《ISA220——审计业务质量控制》、《ISA300——审计计划》中有关首次承接审计业务的阐述。类似地,《ISA330——注册会计师针对评估的风险实施的程序》和《ISA240——注册会计师在财务报表审计中对舞弊的考虑》提出,如果审计业务具有较高的财务报表层次重大错报风险,会计师事务所的总体应对措施宜包括为审计项目组配置更有经验的人员。

<sup>4</sup> 例如,要求执业质量和职业道德良好,在以往3年执业活动中没有违法违规行为。

<sup>5</sup> 根据中国注册会计师协会考试部(2008),1997年至2002年,中注协组织了6次注册会计师证券期货相关业务资格考试,累计选拔3000余人,颁发执行证券期货相关业务许可证,成为资本市场的骨干审计力量。

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## (二) 会计师事务所规模效应

理论上，大规模会计师事务所由于拥有更多的客户，那么一旦发生审计失败而遭受的潜在损失就更大(DeAngelo, 1981b)，相应的推论是大规模事务所愿意投入更优的审计资源，以保障高水平的业务质量控制。例如，Bedard *et al.* (2008, RQ5) 提出的一个研究问题是，大规模会计师事务所是否针对不同风险的客户群配置了不同的审计师(以应对客户风险和降低审计师判断偏误)，小规模会计师事务所在这方面的相对能力又是如何？相应地，笔者预期：

**H2：**与中小规模会计师事务所相比，大规模事务所会为新承接的上市客户配置具有更高执业经验的审计项目负责人。

## (三) 新承接客户之间的风险差异效应

除了整体上具有更高的风险(与连续审计客户相比)，新承接客户之间的风险水平也存在差异。以往的经验证据显示(Johnstone and Bedard, 2001; Asare *et al.*, 2005)，新承接客户的某些风险特征(如错报风险或管理层诚信问题)能够引发事务所计划配置更有经验的审计人员。因此，基于事务所风险管理假说，新承接客户中风险更高的客户需要事务所配置具有更高经验的审计项目负责人。比照假设H1，笔者预期：

**H3：**会计师事务所会为新承接客户中具有更高风险的客户配置执业经验更高的审计项目负责人。

进一步比照假设H2提及的会计师事务所规模效应，笔者预期：

**H4：**与中小规模会计师事务所相比，大规模事务所会为新承接客户中风险更高的客户配置执业经验更高的审计项目负责人。

需要注意的是，如果假设H1不成立、而假设H3成立，事务所风险管理假说仍然在一定程度上得到了支持。如果假设H2不成立、而假设H4成立，则事务所的规模效应仍然能在一定程度上得到支持。

# 三、研究设计

## (一) 对审计项目负责人执业经验的计量

根据中国注册会计师审计准则，审计项目负责人是会计师事务所中负责某项审计业务及其执行，并代表会计师事务所在审计报告上签字的主任会计师或经授权签



字的注册会计师。<sup>6</sup>在证券执业资格的管制阶段,要成为一名证券特许注册会计师,注册会计师需要通过国家专设的证券执业资格考试,并由其所在会计师事务所向行业主管部门申请注册。随后,会计师事务所可能指派该注册会计师担任上市客户审计业务的项目负责人并签署审计报告。

尽管在成为上市客户审计报告的签字人之前,注册会计师可能已经参与了上市客户的审计业务,但参与一项业务和负责一项业务存在很大差异,后者对注册会计师的专业知识、技能和经验都有更高的要求;而且两者在需要承担的法律 responsibility 方面存在着实质性差异。同时,从注册会计师开始参与上市公司审计业务,直到开始负责某项上市公司审计业务,不同注册会计师的参与年限差异和参与强度差异难以观察和度量。因此本研究所指的执业经验专指担任上市公司年报审计项目负责人的经验,而非仅仅开始参与上市公司审计项目的经验;相应地,执业经验的计量起点为注册会计师成为上市公司年度审计报告签字注册会计师的最早年份。

注册会计师成为上市公司年审报告签字人以后,执业经验不断累积。笔者用两种方式计量这一累积过程。第一种方式是按照执业年限累计,每增加一年,执业经验的计数增加1;具体而言,单个审计师*i*的执业经验( $EXP_i$ )计量方式如下:

$$EXP_{it} = \text{当前年份} - \text{审计师 } i \text{ 最早签署过的上市公司年审报告对应的年份。}$$

上述方式符合学术研究中和实务中通过从业年限描述专业人员经验的做法,<sup>7</sup>计量过程相对简单,数据处理成本较低,但其不足之处在于,无法充分反映不同注册会计师在成为上市公司审计报告签字人以后的负责项目数量差异。为了缓解这一局限,笔者采用第二种方式,即按照负责客户年审的数量累计,每多负责一次客户年审,执业经验的计数增加1;具体而言:

$$EXP_{iz} = \text{当前年份之前审计师 } i \text{ 签署过的所有上市公司年审报告总数。}$$

第二种计量方式符合经验增加的内在逻辑,即执业经验随着担任审计项目负责人的次数的增加而增加,能较好反映不同注册会计师在担任项目负责人经验累积强度上的差异,但计量成本较高,且容易受到负责项目数据完整性的影响。<sup>8</sup>

<sup>6</sup> 《中国注册会计师审计准则第1121号——历史财务信息审计的质量控制》第三条。

<sup>7</sup> 以审计师判断领域的实验或调查问卷研究为例,研究者在描述参与实验或调查问卷的审计师经验时常计量其执业年限;而实务中,各类专业资格考试或从业资格申请则普遍设置从业年限条件。

<sup>8</sup> 例如,当上市公司审计报告的签字注册会计师信息缺失时,第二种方式必然会低估某项目负责人的执业经验。但如果采用执业年限计量经验,只要该缺失信息对应的签字注册会计师此前签署过上市公司审计报告,就不会影响该签字注册会计师的执业经验计算。为了尽可能地提高证券市场签字注册会计师负责年审项目数据的完整性,笔者在计量执业经验时涵盖了金融类上市公司和仅发行B股的公司,并通过财政部监督检查局的注册会计师行业报备数据对2001至2005年的签字注册会计师信息缺失数据进行了补充。

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假定有两名证券特许签字注册会计师A和B，并给定其在2001至2005年间签署的上市公司年度报告数量，表1列示了两种计量方式下每年的执业经验计量结果。以注册会计师A为例，假设其自2001年审开始成为项目负责人，意味着此前A作为上市公司年审项目负责人的经验积累为0，故2001年审对应的执业经验计为0；给定A在2003年审中未负责任何上市客户的审计业务，那么以负责项目数量为基础的计量方式能够反映出该给定信息（即不会计算任何经验的累积），缓解了按照初始执业年份累计经验的方式存在的局限。

在我国，包括上市公司年审在内的审计报告要求有两名注册会计师签字，<sup>9</sup>这使得研究者对项目负责人执业经验的比较和分析更加复杂。根据相关要求，一名签字注册会计师负责外勤工作，另一名签字注册会计师进行业务复核。但研究者并不能通过公开途径识别出两名注册会计师的具体身份，即谁为外勤负责人、谁为复核人。为了系统区分两者差异，笔者设计以下方法进行计量：(1)分别计量两名签字注册会计师的 $EXP_i$ ；(2)识别出其中经验较高者和经验较低者，并界定 $EXP_{max}$  = 经验较高者对应的 $EXP_i$ ， $EXP_{min}$  = 经验较低者对应的 $EXP_i$ 。笔者同时考察会计师事务所对两名签字注册会计师的执业经验配置特征。考虑到确定复核人员的基本原则是，由项目组内经验较多的人员复核经验较少的人员执行的工作，<sup>10</sup>因此经验较高的签字注册会计师可能决定了复核环节的质量，而经验较少的签字注册会计师可能在很大程度上影响外勤工作的质量。此外，对于少数配置了三名签字注册会计师的情形，仍适用于上述处理方式。

表1 审计项目负责人的执业经验计量方式

会计年度	签字注册会计师A			签字注册会计师B		
	对应年度	执业经验		对应年度	执业经验	
	签字的	按照累计		签字的	按照累计	
	上市客户	按照执业	负责项目	上市客户	按照执业	负责项目
	数量*	年限计量	数量计量	数量*	年限计量	数量计量
2001 <sup>#</sup>	1	0	0	-	-	-
2002 <sup>#</sup>	1	1	1	3	0	0
2003	-	-	-	2	1	3
2004	1	3	2	1	2	5
2005	2	4	3	3	3	6

\* 该栏数据为假定数。

<sup>#</sup> 假定2001(2002)年为签字注册会计师A(B)首次签署上市公司审计报告对应的会计年度。

<sup>9</sup> 如《关于注册会计师在审计报告上签名盖章有关问题的通知》(财政部，财会[2001]1035号，2001年7月2日)。

<sup>10</sup> 《中国注册会计师审计准则第1121号——历史财务信息审计的质量控制》第二十条。

## (二) 审计业务的项目负责人执业经验配置模型

### 1. 假设 H1 的检验方法

作为一个经济组织，会计师事务所通常会考虑特定审计项目的盈利性，并根据该项目的特征确定审计资源的投入（即成本）及其与审计收费（即收入）的匹配（Maister, 1993; Johnstone, 2000）。因此，决定审计业务经济收入（审计收费）的因素可能也是决定审计人力资源配置的因素。例如，在以往的相关研究中（Palmrose, 1989; O'Keefe *et al.*, 1994; Dopuch *et al.*, 2003; Bell *et al.*, 2008），研究者通常同时构建审计收费模型和审计工时投入模型，且两个模型的自变量通常保持一致。相应地，笔者借鉴较为成熟的审计定价模型（Simunic, 1980; Hay *et al.*, 2006）构建审计项目负责人执业经验配置模型，用以检验假设 H1。

$$EXP = b_0 + b_1NEWCLNT + b_2LTA + b_3SQSUBS + b_4LEV + b_5RECVINV + b_6LOSS + b_7MOD + INDUSTRY + YEAR + \delta \quad (1)$$

因变量  $EXP$  可以是  $EXP_{max}$  或  $EXP_{min}$ ，且每一个审计师的执业经验均采用两种方式计量（执业年限 vs. 累计负责项目数量）。由于  $EXP$  为非负的点数数据（count data），故采用泊松（Poisson）回归。<sup>11</sup> 实验变量为新承接客户  $NEWCLNT$ （客户属于新承接客户时取 1，属于连续审计客户时取 0）。<sup>12</sup> 如果事务所风险管理假说（H1）成立，预期  $NEWCLNT$  的系数显著为正。

笔者还选择了若干有代表性的变量作为模型的控制变量，包括：(1)  $LTA$  表示客户资产规模（= 期末资产总额取自然对数）；(2)  $SQSUBS$  表示审计业务的复杂程度（= 纳入合并范围的子公司数取平方根）；(3) 资产负债率  $LEV$ （= 期末负债总额 / 期末资产总额）；(4) 应收款项和存货比率  $RECVINV$ （= 期末应收款项及存货余额之和 / 期末资产总额）；(5) 盈利状况  $LOSS$ （当期净利润小于零时取 1，否则取 0）；(6) 审计意见类型  $MOD$ （当期被注册会计师出具非标准审计报告<sup>13</sup>时取 1，否则取 0）。在审计定价模型中，客户规模、业务复杂程度以及客户风险因素通常与审计收费水平正相关。根据审计业务收益与审计业务投入相匹配的原则（Maister, 1993; Johnstone, 2000），笔者预期，这些因素与事务所配置的审计师执业经验水平也呈正相关关系。此外，模型还控制了行业虚拟变量（按中国证监会的行业大类分类）和年度虚拟变量。

为了比对审计项目负责人执业经验的配置模式是否与审计定价的决定模式相一致，笔者还同时考察了审计定价模型，因变量为  $LAF$ ，表示会计师事务所向上市客

<sup>11</sup> 笔者还将因变量设为  $\ln(EXP+1)$  并采用 OLS 线性回归，得到的结果不改变本文的主要发现和结论。

<sup>12</sup> 会计师事务所发生更名、合并或分立时不视为事务所变更。

<sup>13</sup> 包括无法表示意见、否定意见、保留意见以及带强调事项段的无保留意见。



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户收取的年度审计收费(取自然对数)，其余变量与模型(1)一致。

## 2. 假设H2的检验方法

为了检验假设H2，笔者区分大规模会计师事务所和中小规模事务所，其中大规模会计师事务所包括国际四大(即普华永道、毕马威、安永和德勤在中国的合作所)和国内大所(当年年审中上市客户数量排名前十的本土事务所)，设置为  $BIGFIRM = 1$ ；其余事务所则归为中小规模事务所，设置为  $BIGFIRM = 0$ 。检验模型如下：

$$\begin{aligned} EXP = & b_0 + b_1NEWCLNT + b_2NEWCLNT * BIGFIRM + b_3BIGFIRM \\ & + b_4LTA + b_5SQSUBS + b_6LEV + b_7RECVINV + b_8LOSS \\ & + b_9MOD + INDUSTRY + YEAR + \delta \end{aligned} \quad (2)$$

如果会计师事务所的规模效应(假设H2)成立，预期模型(2)中的系数  $b_2$  显著为正。对于大规模事务所，如果假设H1成立，则预期模型(2)中的联合系数  $b_1+b_2$  显著为正。

## 3. 假设H3的检验方法

为了检验假设H3，需要区分新承接客户中具有较高风险的细分客户群。以往的审计师变更文献普遍发现，会计师事务所出具非标准审计报告后更可能伴随着客户变更事务所(如Chow and Rice, 1982; Lennox, 2000; 李爽、吴溪, 2002a; Chan *et al.*, 2006)，而具有较强的购买审计意见动机的事务所变更通常更可能引发市场关注和监管检查(李爽、吴溪, 2002b；中国注册会计师协会, 2008)，从而给后任事务所带来更高的风险。因此，笔者将新承接客户分为两类：其中一类在变更事务所之前年度收到了非标准审计报告( $NEWCLNT_{premod} = 1$ )，作为购买审计意见动机较强的新承接客户组；另一类则在变更事务所之前年度收到了标准审计报告( $NEWCLNT_{preclean} = 1$ )，作为购买审计意见动机较弱的新承接客户组。相应的检验模型如下：

$$\begin{aligned} EXP = & b_0 + b_1NEWCLNT_{premod} + b_2NEWCLNT_{preclean} + b_3LTA \\ & + b_4SQSUBS + b_5LEV + b_6RECVINV + b_7LOSS + b_8MOD \\ & + INDUSTRY + YEAR + \delta \end{aligned} \quad (3)$$

如果假设H3成立，预期模型(3)中的系数  $b_1$  显著为正。

## 4. 假设H4的检验方法

为了检验假设H4，增设风险更高的新承接客户组与大规模事务所的交互项，模型如下：

$$\begin{aligned} EXP = & b_0 + b_1NEWCLNT_{premod} + b_2NEWCLNT_{premod} * BIGFIRM \\ & + b_3NEWCLNT_{preclean} + b_4NEWCLNT_{preclean} * BIGFIRM \\ & + b_5BIGFIRM + b_6LTA + b_7SQSUBS + b_8LEV + b_9RECVINV \\ & + b_{10}LOSS + b_{11}MOD + INDUSTRY + YEAR + \delta \end{aligned} \quad (4)$$

如果假设H4成立,预期模型(4)中的系数 $b_2$ 显著为正。对于大规模事务所,如果假设H3成立,则预期模型(4)中的联合系数 $b_1+b_2$ 显著为正。

### (三) 样本和数据

笔者选取的样本为2001年审至2005年审中具有模型(1)至(4)各变量数据以及审计收费数据的A股公司(不含金融行业),<sup>14</sup>共5982例观测,其中新承接客户642例,连续审计客户5340例。为了尽量克服样本观测中的极值干扰,所有连续型自变量均在5%和95%分位数水平上作了截尾处理。

## 四、实证分析

### (一) 描述性统计

据笔者统计,2001至2005年间,担任上市公司年审项目负责人的注册会计师分别为854、947、1013、1265和1385人。表2列示了样本期间内中国上市公司年审项目负责人的执业经验分布,其中组A描述了按照执业年限计量的执业经验,组B描述了按照累计负责项目数量计量的执业经验。在组A中,以2001年为例,当年刚开始签字的注册会计师有261人(占30.6%),执业年限超过三年的注册会计师共261人(占30.6%)。值得注意的是,2004年审的注册会计师人数增幅高达24.9%,这与2004年证券特许注册会计师资格管制的解除(李爽、吴溪,2005)有关,并意味着会计师事务所明显增加了担任上市客户审计项目负责人的注册会计师人数。<sup>15</sup>在样本期内,每年的审计项目负责人中执业年限超过三年的注册会计师比重介于30.6%至43.5%,执业年限超过四年的比重介于21.8%至33.1%,执业年限超过五年的比重介于13.6%至25.4%,这意味着具备资深执业经历的注册会计师较为稀缺。根据组B的描述统计,在样本期间的各个年份,以往累计负责项目数少于10例上市客户的签字注册会计师均占到了总数的70%以上(介于70.4%至78.3%);累计负责项目数不少于30例上市客户的签字注册会计师则从2001年的34人增加到了2005年的100人,人数占比则从2001年的4.0%增加到了2005年的7.2%。

<sup>14</sup> 因审计收费数据自2001年审开始披露,故样本期间以2001年审为起点。本文对签字注册会计师的相关基础数据自2006年开始收集和处理,因此样本期间截至2005年审。稳健性测试显示,如果不考虑审计收费数据的限制,本文关于新承接客户的审计师执业经验配置的主要发现同样适用于更早年份(如1998至2000年审)。

<sup>15</sup> 在2004年5月19日国务院发布的第三批取消和调整行政审批项目目录中,注册会计师执行证券、期货相关业务许可证的核发属被取消项目,自此注册会计师在执行证券、期货相关业务时不再单独需要特别许可证;相应地,证券特许注册会计师考试也随即取消。这意味着普通注册会计师在理论上也能成为上市公司审计报告的签字注册会计师(即法律意义上的项目负责人),当然也仍可由原来已具备特许资格的注册会计师签署(这主要取决于原来的特许注册会计师的意愿以及事务所的总体配置策略)。据笔者统计,在此前的5年中(1999至2003年),注册会计师人数的年增长率从18.0%逐渐降至6.9%。

表2 中国证券市场签字注册会计师的执业经验分布：2001-2005年

担任审计项目负责人的 的起始会计年度	2001		2002		2003		2004		2005	
	人数	占比	人数	占比	人数	占比	人数	占比	人数	占比
1992	2	0.2%	3	0.3%	3	0.3%	3	0.2%	2	0.1%
1993	25	2.9%	23	2.4%	24	2.4%	21	1.7%	15	1.1%
1994	63	7.4%	61	6.4%	56	5.5%	54	4.3%	49	3.5%
1995	26	3.0%	22	2.3%	21	2.1%	22	1.7%	18	1.3%
1996	70	8.2%	70	7.4%	69	6.8%	68	5.4%	58	4.2%
1997	75	8.8%	86	9.1%	78	7.7%	72	5.7%	70	5.1%
1998	77	9.0%	77	8.1%	80	7.9%	67	5.3%	61	4.4%
1999	105	12.3%	104	11.0%	103	10.2%	91	7.2%	79	5.7%
2000	150	17.6%	142	15.0%	144	14.2%	128	10.1%	106	7.7%
2001	261	30.6%	194	20.5%	183	18.1%	163	12.9%	145	10.5%
2002			165	17.4%	125	12.3%	98	7.7%	80	5.8%
2003					127	12.5%	79	6.2%	59	4.3%
2004							399	31.5%	307	22.2%
2005									336	24.3%
合计	854	100%	947	100%	1013	100%	1265	100%	1385	100%
年增幅*			10.9%		7.0%		24.9%		9.5%	
执业年限	2001		2002		2003		2004		2005	
>3年	261	30.6%	342	36.1%	434	42.8%	526	41.6%	603	43.5%
>4年	186	21.8%	265	28.0%	331	32.7%	398	31.5%	458	33.1%
>5年	116	13.6%	179	18.9%	251	24.8%	307	24.3%	352	25.4%

表2 中国证券市场签字注册会计师的执业经验分布：2001-2005年（续）

累计负责的项目 数量区间	2001		2002		2003		2004		2005	
	人数	占比	人数	占比	人数	占比	人数	占比	人数	占比
[0, 4]	536	62.8%	549	58.0%	494	48.8%	687	54.3%	812	58.6%
[5, 9]	132	15.5%	149	15.7%	219	21.6%	226	17.9%	195	14.1%
[10, 14]	81	9.5%	97	10.2%	96	9.5%	114	9.0%	133	9.6%
[15, 19]	40	4.7%	56	5.9%	76	7.5%	71	5.6%	62	4.5%
[20, 24]	17	2.0%	28	3.0%	36	3.6%	53	4.2%	50	3.6%
[25, 29]	14	1.6%	20	2.1%	26	2.6%	28	2.2%	33	2.4%
[30, 34]	6	0.7%	12	1.3%	17	1.7%	23	1.8%	25	1.8%
[35, 39]	10	1.2%	9	1.0%	15	1.5%	16	1.3%	20	1.4%
[40, 44]	6	0.7%	7	0.7%	7	0.7%	10	0.8%	11	0.8%
[45, 49]	4	0.5%	4	0.4%	6	0.6%	10	0.8%	11	0.8%
≥50	8	0.9%	16	1.7%	21	2.1%	27	2.1%	33	2.4%
合计	854	100%	947	100%	1013	100%	1265	100%	1385	100%

\* 年增幅 = (当年合计人数 - 上年合计人数) / 上年合计人数。

表3 变量描述性统计

	全样本 (n = 5982) 均值 (中值)	NEWCLNT = 1 (n = 642) 均值 (中值)	NEWCLNT = 0 (n = 5340) 均值 (中值)	组间差异 (NEWCLNT = 1 vs. 0) t统计量 (z统计量)
EXP <sub>max1</sub>	5.96 (6)	4.80 (5)	6.10 (6)	-10.24*** (-9.95***)
EXP <sub>max2</sub>	23.85 (18)	16.88 (9)	24.69 (19)	-9.09*** (-13.24***)
EXP <sub>min1</sub>	2.30 (2)	1.44 (1)	2.40 (2)	-12.00*** (-12.20***)
EXP <sub>min2</sub>	5.56 (3)	3.06 (1)	5.87 (3)	-10.90*** (-13.30***)
LTA	11.90 (11.83)	11.80 (11.73)	11.91 (11.85)	-3.07*** (-3.21***)
SQSUBS	2.34 (2.24)	2.21 (2.24)	2.36 (2.24)	-2.57** (-2.16**)
LEV	0.49 (0.49)	0.52 (0.52)	0.48 (0.48)	4.26*** (4.29***)
RECVINV	0.30 (0.28)	0.32 (0.31)	0.29 (0.28)	3.29*** (3.39***)
LOSS	0.14 (0)	0.22 (0)	0.13 (0)	5.17*** (6.03***)

表3 变量描述性统计(续)

	全样本 (n = 5982) 均值 (中值)	NEWCLNT = 1 (n = 642) 均值 (中值)	NEWCLNT = 0 (n = 5340) 均值 (中值)	组间差异 t统计量 (z统计量)
MOD	0.12 (0)	0.24 (0)	0.10 (0)	7.89*** (10.23***)
AF	47.90 (40)	43.60 (35)	48.42 (40)	-3.47*** (-3.79***)
LAF	3.70 (3.69)	3.63 (3.56)	3.71 (3.69)	-3.80*** (-3.79***)

\*\*\*、\*\*分别表示1%、5%的显著性水平(双尾)。

变量界定:

$EXP_{max1}$  = 两名签字注册会计师中经验较高者对应的 $EXP_{it}$ 。

$EXP_{max2}$  = 两名签字注册会计师中经验较高者对应的 $EXP_{i2}$ 。

$EXP_{min1}$  = 两名签字注册会计师中经验较低者对应的 $EXP_{it}$ 。

$EXP_{min2}$  = 两名签字注册会计师中经验较低者对应的 $EXP_{i2}$ 。

$EXP_{it}$  = 当前年份*i* 审计师*t* 最早签署过的上市公司审计报告对应的年份。

$EXP_{i2}$  = 当前年份之前审计师*t* 签署过的所有上市公司审计报告总数。

NEWCLNT=1, 新承接客户(即刚发生更换会计师事务所的上市公司); 0, 连续审计客户。

LTA= 客户期末资产总额取自然对数。

SQSUBS= 纳入合并范围的子公司数取平方根。

LEV= 期末负债总额 / 期末资产总额。

RECVINV= 期末应收款项及存货余额之和 / 期末资产总额。

LOSS=1, 当期净利润小于零时; 否则取0。

MOD=1, 当期被注册会计师出具非标准审计报告时; 否则取0。

AF= 会计师事务所向上市公司收取的年度审计收费(万元人民币)。

LAF= 会计师事务所向上市公司收取的年度审计收费(取自然对数)。



表 4 相关系数矩阵 (n = 5982)

	EXP <sub>max1</sub>	EXP <sub>max2</sub>	EXP <sub>mini1</sub>	EXP <sub>mini2</sub>	NEWCLNT	LTA	SQSUBS	LEV	RECVINV	LOSS	MOD
EXP <sub>max1</sub>	1.00										
EXP <sub>max2</sub>	0.63 <sup>a</sup>	1.00									
EXP <sub>mini1</sub>	0.40 <sup>a</sup>	0.28 <sup>a</sup>	1.00								
EXP <sub>mini2</sub>	0.30 <sup>a</sup>	0.38 <sup>a</sup>	0.75 <sup>a</sup>	1.00							
NEWCLNT	-0.14 <sup>a</sup>	-0.12 <sup>a</sup>	-0.14 <sup>a</sup>	-0.11 <sup>a</sup>	1.00						
LTA	0.12 <sup>a</sup>	0.07 <sup>a</sup>	0.04 <sup>a</sup>	0.03 <sup>b</sup>	-0.04 <sup>a</sup>	1.00					
SQSUBS	0.13 <sup>a</sup>	0.16 <sup>a</sup>	0.06 <sup>a</sup>	0.07 <sup>a</sup>	-0.03 <sup>a</sup>	0.28 <sup>a</sup>	1.00				
LEV	-0.01	0.03 <sup>b</sup>	-0.01	0.01	0.06 <sup>a</sup>	0.07 <sup>a</sup>	0.15 <sup>a</sup>	1.00			
RECVINV	-0.05 <sup>a</sup>	-0.02	-0.03 <sup>b</sup>	-0.01	0.04 <sup>a</sup>	-0.14 <sup>a</sup>	0.11 <sup>a</sup>	0.35 <sup>a</sup>	1.00		
LOSS	-0.06 <sup>a</sup>	-0.04 <sup>a</sup>	-0.04 <sup>a</sup>	-0.03 <sup>b</sup>	0.08 <sup>a</sup>	-0.21 <sup>a</sup>	-0.04 <sup>a</sup>	0.31 <sup>a</sup>	0.19 <sup>a</sup>	1.00	
MOD	-0.06 <sup>a</sup>	-0.03 <sup>a</sup>	-0.02 <sup>c</sup>	-0.02	0.13 <sup>a</sup>	-0.18 <sup>a</sup>	-0.03 <sup>b</sup>	0.32 <sup>a</sup>	0.18 <sup>a</sup>	0.47 <sup>a</sup>	1.00

a、b、c 分别表示 1%、5%、10% 的显著性水平 (双尾)。

变量界定：

EXP<sub>max1</sub> = 两名签字注册会计师中经验较高者对应的 EXP<sub>it</sub>。

EXP<sub>max2</sub> = 两名签字注册会计师中经验较高者对应的 EXP<sub>it</sub>。

EXP<sub>mini1</sub> = 两名签字注册会计师中经验较低者对应的 EXP<sub>it</sub>。

EXP<sub>mini2</sub> = 两名签字注册会计师中经验较低者对应的 EXP<sub>it</sub>。

EXP<sub>it</sub> = 当前年份 i 审计师 j 最早签署过的上市公司审计报告对应的年份。

EXP<sub>it</sub> = 当前年份之前审计师 j 签署过的所有上市公司审计报告总数。

NEWCLNT=1，新承接客户 (即刚发生更换会计师事务所的上市客户)；0，连续审计客户。

LTA= 客户期末资产总额取自然对数。

SQSUBS= 纳入合并范围的子公司数取平方根。

LEV= 期末负债总额 / 期末资产总额。

RECVINV= 期末应收款项及存货余额之和 / 期末资产总额。

LOSS=1，当期净利润小于零时；否则取 0。

MOD=1，当期被注册会计师出具非标准审计报告时；否则取 0。

表3列示了全样本、新承接客户组以及连续审计客户组有关模型(1)各变量以及审计收费变量的描述性统计。与连续审计客户组相比,新承接客户组的资产规模更小,资产负债率更高,应收款项与存货占资产比重更大,更可能发生亏损,更可能收到非标准审计报告。这些特征总体上意味着新承接客户具有更高的财务和经营风险,与通常对变更事务所的客户具有更高风险的观念一致,也符合需要为此类客户配置具有更高经验的项目负责人的预期。此外,新承接客户组的审计收费也显著低于连续审计客户组,与以往文献提出的初始业务审计折价现象一致(DeAngelo, 1981a; Simon and Francis, 1988)。

对于经验较高的审计项目负责人,新承接客户组按照执业年限计量的执业经验 $EXP_{max1}$ 均值(中值)为4.80(5)年,按照累计负责项目数量计量的执业经验 $EXP_{max2}$ 均值(中值)为16.88(9)个;连续审计客户组的 $EXP_{max1}$ 均值(中值)为6.1(6)年, $EXP_{max2}$ 均值(中值)为24.69(19)个。对于经验较低的审计项目负责人,新承接客户组的 $EXP_{min1}$ 均值(中值)为1.44(1)年, $EXP_{min2}$ 均值(中值)为3.06(1)个;连续审计客户组的 $EXP_{min1}$ 均值(中值)为2.4(2)年, $EXP_{min2}$ 均值(中值)为5.87(3)个。 $t$ 检验和Wilcoxon秩和检验均显示,对于各项执业经验指标,新承接客户组伴随的审计项目负责人经验均显著低于连续审计客户组( $p < 0.001$ )。以上单变量检验并不支持事务所风险管理假说。

表4列示了模型(1)各变量的相关系数矩阵。 $EXP_{max1}$ 与 $EXP_{max2}$ 之间的相关系数为0.63, $EXP_{min1}$ 与 $EXP_{min2}$ 之间的相关系数为0.75,说明采用执业年限计量的执业经验与采用累计负责项目数量计量的执业经验之间具有高度正相关性。同时, $EXP_{max1}$ 与 $EXP_{min1}$ 之间的相关系数为0.40, $EXP_{max2}$ 与 $EXP_{min2}$ 之间的相关系数为0.38,说明会计师事务所为同一个上市客户配置的两名审计项目负责人的执业经验也存在著较高的正相关性。实验变量 $NEWCLNT$ 与四个执业经验变量之间均呈现显著负相关关系( $p < 0.01$ ),意味着新承接客户伴随着显著更低的项目负责人执业经验,并不支持事务所风险管理假说。模型(1)中各自变量之间的相关系数最大不超过0.47( $MOD$ 与 $LOSS$ 之间)。<sup>16</sup>

## (二)假设H1的检验结果

表5列示了审计项目负责人执业经验配置模型的Poisson回归结果;出于比较目的,同时还列示了相同样本的审计定价模型结果。各个模型的总体回归效果均显著。<sup>17</sup>作为铺垫性的测试,审计定价模型的回归结果显示, $NEWCLNT$ 的系数显著为负( $p < 0.05$ ),这支持以往研究发现的初始审计业务折价现象,即新承接客户伴随著更低的经济收入。

<sup>16</sup> 随后的多重共线性诊断也显示,执业经验配置模型各自变量中,方差膨胀因子最大值为1.8,表明模型不存在严重的多重共线性问题。

<sup>17</sup> 在本文随后所有的模型回归中,所有变量估计值的标准差均作了公司群集效应或White异方差调整。

会计师事务所为新承接的审计客户配置了更有经验的项目负责人吗？

对于执业经验较高的项目负责人 ( $EXP_{max}$ )，不论采用执业年限还是累计负责的项目数量为基础计量执业经验，实验变量  $NEWCLNT$  的系数均显著为负 ( $p < 0.01$ )。类似地，对于执业经验较少的项目负责人 ( $EXP_{min}$ )，在执业经验的两种计量方式下， $NEWCLNT$  的系数均显著为负 ( $p < 0.01$ )。这意味着对于上市公司审计报告上的任何一名签字人员 (不论是外勤负责人，还是复核人)，执业经验越多的注册会计师更不可能成为新承接客户的项目负责人；换言之，新承接上市客户的两名项目负责人的执业经验均显著低于连续审计客户。因此，表5的证据不支持事务所风险管理假说 (H1)。

关于控制变量，上市客户的复杂程度 ( $SQSUBS$ ) 在各次执业经验回归模型结果中均显著为正，且与审计定价模型中的方向一致。这意味着会计师事务所在配置两名项目负责人的过程中均考虑了客户的复杂程度。但在大多数回归结果中，客户资产规模因素 ( $LTA$ ) 并没有显著影响项目负责人执业经验的配置。

值得指出的是，对于控制变量中的任何客户风险变量 ( $LEV$ 、 $RECVINV$ 、 $MOD$ 、 $LOSS$ )，均未在执业经验配置模型的回归结果中观察到显著为正的系数；甚至在审计定价模型中显著为正的风险变量 ( $MOD$ ) 也同样如此。在模型 (1) 的某些回归结果中，部分风险变量的系数显著为负 (如  $LEV$  和  $LOSS$ )。这些发现都意味着即使客户风险因素能引发会计师事务所收取更高的审计费用，但并未促使事务所配置更有经验的项目负责人，反而可能出现刻意规避风险的行为。

### (三) 假设 H2 的检验结果

在全样本 ( $n = 5982$ ) 中， $BIGFIRM=1$  的观测为 2273 例 (占 38.0%)。表6列示了模型 (2) 中  $NEWCLNT$ 、 $NEWCLNT*BIGFIRM$  以及  $BIGFIRM$  的检验结果。<sup>18</sup> 在所有回归中， $NEWCLNT$  的系数均显著为负 ( $p < 0.01$ )，而  $NEWCLNT*BIGFIRM$  的系数均显著为正 ( $p < 0.01$ )。这意味着中小规模事务所为新承接客户配置了执业经验更低的项目负责人，而大规模事务所为新承接客户配置的项目负责人在执业经验上显著高于中小规模事务所，从而假设 H2 得到支持。<sup>19</sup>

考虑到 2001 至 2005 年间的监管环境有较大变化，<sup>20</sup> 笔者进行了分年度测试。未列报的结果显示，在 2001 至 2005 年的 20 次回归结果中 (5 个年度，4 种因变量计量方式)， $NEWCLNT$  的系数符号均为负 (其中 19 个系数显著)。这意味着中小规模事务所对新承接客户的项目负责人执业经验低配置现象普遍存在于样本期间的各个年份，而并非局限于特定年份。另一方面，在 2001 年度的 4 次回归结果中， $NEWCLNT*BIGFIRM$  的系数均不显著；而在随后 4 个年度的 16 次回归结果中， $NEWCLNT*BIGFIRM$  的所有系数符号均为正 (其中 11 个系数显著)。这意味着表6的结果主要源于 2002 年行业组织明显加强监管之后，而此前大规模事务所和中小规模事务所之间并无显著差异。

<sup>18</sup> 模型 (2) 的控制变量回归结果与表5 非常相似，故表6 未予报告。类似地，随后的表7 未再报告模型 (3) 和模型 (4) 的控制变量回归结果。

<sup>19</sup> 需要注意的是，表6的结果是在控制了事务所规模 ( $BIGFIRM$ ) 的情况下得到，意味着即使不同规模事务所的签字注册会计师存在着系统性的执业经验差异，并不影响本文的主要发现和结论。

<sup>20</sup> 特别地，行业组织对会计师事务所变更的监管自 2002 年开始显著加强 (李爽、吴溪，2002b)，自 2004 年起国务院取消了证券特许注册会计师资格。

表5 新承接客户与审计项目负责人的执业经验配置

因变量	EXP <sub>max</sub>				EXP <sub>min</sub>			
	LAF	按照执业年限计量 (EXP <sub>max1</sub> )	按照累计负责项目数量计量 (EXP <sub>max2</sub> )	系数 (z统计量)	LAF	按照执业年限计量 (EXP <sub>min1</sub> )	按照累计负责项目数量计量 (EXP <sub>min2</sub> )	系数 (z统计量)
实验变量								
NEWCLNT	-0.034 (-2.03**)	-0.171 (-7.14***)	-0.311 (-6.67***)	0.005 (0.19)	-0.454 (-8.62***)	0.013 (0.38)	-0.625 (-7.65***)	
控制变量								
LTA	0.351 (23.03***)	0.033 (2.72***)	0.005 (0.19)	0.005 (0.19)	0.016 (0.75)	0.013 (0.38)	0.013 (0.38)	
SQSUBS	0.082 (10.15***)	0.030 (4.21***)	0.090 (6.06***)	0.090 (6.06***)	0.031 (2.20**)	0.073 (3.39***)	0.073 (3.39***)	
LEV	0.032 (0.57)	-0.140 (-2.60***)	0.017 (0.15)	0.017 (0.15)	-0.002 (-0.02)	0.173 (1.14)	0.173 (1.14)	
RECVINV	-0.007 (-0.10)	-0.056 (-0.88)	-0.123 (-0.92)	-0.123 (-0.92)	0.006 (0.05)	-0.029 (-0.17)	-0.029 (-0.17)	
LOSS	0.007 (0.39)	-0.036 (-1.64*)	-0.067 (-1.59)	-0.067 (-1.59)	-0.079 (-1.93*)	-0.072 (-1.27)	-0.072 (-1.27)	
MOD	0.102 (3.88***)	0.007 (0.25)	-0.002 (-0.03)	-0.002 (-0.03)	0.049 (0.99)	0.001 (0.02)	0.001 (0.02)	
INDUSTRY	控制	控制	控制	控制	控制	控制	控制	
YEAR	控制	控制	控制	控制	控制	控制	控制	
Constant	-0.721 (-4.29***)	1.156 (8.21***)	2.672 (9.05***)	2.672 (9.05***)	0.413 (1.61)	1.320 (3.47***)	1.320 (3.47***)	
n	5982	5982	5982	5982	5982	5982	5982	
Model F (Chi-square)	64.00***	846.54***	473.53***	473.53***	360.73***	208.54***	208.54***	
Adj. (Pseudo) R <sup>2</sup>	0.423	0.034	0.061	0.061	0.021	0.035	0.035	

\*\*\*、\*\*、\* 分别表示 1%、5%、10% 的显著性水平 (双尾)。  
所有变量估计值的标准差均调整了公司群集效应。

因变量为 LAF 时, 采用以下 OLS 回归模型:

$$LAF = b_0 + b_1 NEWCLNT + b_2 LTA + b_3 QSUBS + b_4 LEV + b_5 RECVINV + b_6 LOSS + b_7 MOD + INDUSTRY + YEAR + \delta$$

因变量为  $EXP_{max}$  或  $EXP_{min}$  时, 采用以下泊松回归模型:

$$EXP = b_0 + b_1 NEWCLNT + b_2 LTA + b_3 QSUBS + b_4 LEV + b_5 RECVINV + b_6 LOSS + b_7 MOD + INDUSTRY + YEAR + \delta$$

其中,  $EXP$  可以取  $EXP_{max1}$ 、 $EXP_{max2}$ 、 $EXP_{min1}$  或  $EXP_{min2}$ 。  
变量界定:

LAF=会计师事务所向上市客户收取的年度审计收费 (取自然对数)。

$EXP_{max1}$  = 两名签字注册会计师中经验较高者对应的  $EXP_{i1}$ 。

$EXP_{max2}$  = 两名签字注册会计师中经验较高者对应的  $EXP_{i2}$ 。

$EXP_{min1}$  = 两名签字注册会计师中经验较低者对应的  $EXP_{i1}$ 。

$EXP_{min2}$  = 两名签字注册会计师中经验较低者对应的  $EXP_{i2}$ 。

$EXP_{i1}$  = 当前年份  $i$  审计师  $i$  最早签署过的上市公司年审报告对应的年份。

$EXP_{i2}$  = 当前年份之前审计师  $i$  签署过的所有上市公司年审报告总数。

$NEWCLNT=1$ , 新承接客户 (即刚发生更换会计师事务所的上市客户);  $0$ , 连续审计客户。

LTA=客户期末资产总额取自然对数。

QSUBS=纳入合并范围的子公司数取平方根。

LEV=期末负债总额 / 期末资产总额。

RECVINV=期末应收款项及存货余额之和 / 期末资产总额。

LOSS=1, 当期净利润小于零时; 否则取 0。

MOD=1, 当期被注册会计师出具非标准审计报告时; 否则取 0。

INDUSTRY: 按中国证监会的行业大类设置 11 个行业虚拟变量 (不含金融业), 以制造业为基准。

YEAR: 按样本期间 (2001-2005 年) 设置 4 个年度虚拟变量, 以 2001 年为基准。

表6还列示了 $NEWCLNT + NEWCLNT * BIGFIRM$ 的联合检验结果( $b_1+b_2$ )，所有系数符号均为负，其中3个显著。这意味着大规模事务所为新承接客户配置的项目负责人经验水平仍然低于所内的连续审计客户。未列报的分年度测试结果显示，这一效应主要集中于2001年审中(4次回归的联合系数均显著为负)，而在2002至2005年的16次回归结果中，仅有1次回归的联合系数显著为负，而14次的联合系数与0无显著差异，还有1次回归的联合系数显著为正。因此，在行业组织于2002年加强事务所变更监管后，大规模事务所对新承接客户的项目负责人低配置现象基本不再存在。

由于国际四大的客户数量较少(在全样本的5982例观测中共413例)，其中涉及承接新客户的观测更少( $n = 41$ )，因此此前的检验将其与国内大所合为大规模事务所组。单设国际四大( $BIG4$ )和国内大所( $BIGLOCAL$ )虚拟变量，模型(2)的回归结果(未列报)显示， $NEWCLNT$ 与 $BIG4$ 或 $BIGLOCAL$ 的交互项系数均显著为正，其中 $NEWCLNT * BIG4$ 的系数显著大于 $NEWCLNT * BIGLOCAL$ 的系数( $p=0.011$ )。相应地，会计师事务所规模效应(假设H2)仍然成立。<sup>21</sup>

综合以上证据，大规模事务所对新承接客户的项目负责人经验配置显著高于中小规模事务所，且事务所规模效应主要存在于在行业组织加强监管后的样本期。这些证据符合DeAngelo(1981b)的论断，即当监管风险增加时，大规模会计师事务所潜在的准租损失更大，从而更有动机提高业务质量控制水平；中小规模事务所对监管风险的敏感性则较弱。当然，监管风险的增加仍然没有使大规模事务所的风险管理达到为新承接客户配置执业经验更高的项目负责人的程度。

#### (四) 假设H3和H4的检验结果

在全样本的642例事务所变更观测中，共有168例在变更事务所之前年度收到了非标准审计报告( $NEWCLNT_{premod} = 1$ )，其余474例在变更事务所之前年度收到了标准审计报告( $NEWCLNT_{preclean} = 1$ )。

表7组A列示了模型(3)中 $NEWCLNT_{premod}$ 和 $NEWCLNT_{preclean}$ 的检验结果。作为铺垫性测试，笔者先考察了不同风险水平的事务所变更的审计定价特征。结果显示， $NEWCLNT_{premod}$ 的系数显著为正( $p = 0.01$ )，而 $NEWCLNT_{preclean}$ 的系数则显著为负( $p < 0.01$ )。这意味着事务所将变更前收到了非标准审计报告的新承接客户视为更高风险的新客户，并收取了更高的审计费用；而变更前未收到非标准审计报告的新客户更可能属于事务所市场竞争的对象，从而向这些客户提供了显著的审计折价。

<sup>21</sup> 分年度检验未再纳入国际四大观测。国内大所的分年度检验结果与混合四大和国内大所的分年度测试结果在性质上相近，意味着事务所规模效应同样存在于国内大所。此外，采用每年上市客户资产规模排名前十的本土事务所界定BIGLOCAL时，亦不改变本文的主要结果和结论。



表6 新承接客户与审计项目负责人的执业经验配置：会计师事务所的规模效应

	因变量为EXP <sup>max</sup>		因变量为EXP <sup>min</sup>	
	按照执业年限计量 (EXP <sup>max1</sup> )	按照累计负责项目数量计量 (EXP <sup>max2</sup> )	按照执业年限计量 (EXP <sup>min1</sup> )	按照累计负责项目数量计量 (EXP <sup>min2</sup> )
	系数 (z统计量)	系数 (z统计量)	系数 (z统计量)	系数 (z统计量)
NEWCLNT (b <sub>1</sub> )	-0.224 (-7.06***)	-0.564 (-9.49***)	-0.619 (-8.96***)	-0.854 (-8.10***)
NEWCLNT*BIGFIRM (b <sub>2</sub> )	0.134 (2.81***)	0.479 (5.76***)	0.422 (4.06***)	0.499 (3.27***)
BIGFIRM	0.024 (1.27)	0.421 (12.24***)	-0.157 (-4.73***)	0.093 (1.87*)
联合系数检验				
b <sub>1</sub> +b <sub>2</sub> (Chi-square)	-0.090 (6.43**)	-0.085 (2.07)	-0.197 (6.25**)	-0.355 (9.31***)
n	5982	5982	5982	5982

\*\*\*、\*\*、\* 分别表示1%、5%、10%的显著性水平(双尾)。所有变量估计值的标准差均调整了公司群集效应。

本表采用以下泊松回归模型：

$$EXP = b_0 + b_1 NEWCLNT + b_2 NEWCLNT * BIGFIRM + b_3 BIGFIRM + b_4 LTA + b_5 SQSUBS + b_6 LEV + b_7 RECVINV + b_8 LOSS + b_9 MOD + b_{10} INDUSTRY + b_{11} YEAR + \delta$$

其中，EXP可以取EXP<sup>max1</sup>、EXP<sup>max2</sup>、EXP<sup>min1</sup>或EXP<sup>min2</sup>。

变量界定：

- EXP<sup>max1</sup> = 两名签字注册会计师中经验较高者对应的EXP<sub>it}</sub>。
- EXP<sup>max2</sup> = 两名签字注册会计师中经验较高者对应的EXP<sub>it}</sub>。
- EXP<sup>min1</sup> = 两名签字注册会计师中经验较低者对应的EXP<sub>it}</sub>。
- EXP<sup>min2</sup> = 两名签字注册会计师中经验较低者对应的EXP<sub>it}</sub>。
- EXP<sub>it}</sub> = 当前年份*i*年注册会计师*j*最早签署过的上市公司年审报告对应的年份。
- EXP<sub>it}</sub> = 当前年份之前注册会计师*j*签署过的所有上市公司年审报告总数。

NEWCLNT=1，新承接客户(即刚发生更换会计师事务所的上市公司)；0，连续审计客户。  
BIGFIRM=1，大规模会计师事务所观测，包括国际四大(即普华永道、毕马威、安永和德勤在中国的合作所)和国内大所(当年年审中上市客户数量排名前十的本土事务所)；0，其他会计师事务所观测。  
其他各变量的界定参见表5。  
上述模型的控制变量回归结果与表5非常相似，故本表未予列报。

表7组A关于项目负责人执业经验配置模型的结果显示,在所有回归中, $NEWCLNT_{preclean}$ 的系数均显著为负,意味着变更前未收到非标准审计报告的新客户伴随着显著更低的项目负责人执业经验;结合此类客户的审计定价特征,可以认为此类客户的低经济收益具有一定的解释作用。更加有趣的是, $NEWCLNT_{premod}$ 的系数也均显著为负,且未列报的Chi-square检验结果显示 $NEWCLNT_{premod}$ 的系数与 $NEWCLNT_{preclean}$ 的系数均无显著差异;这意味着即使事务所针对新客户的风险因素收取了更高的收费,但却仍为此类客户配置了经验更少的项目负责人,这既不符合事务所风险管理假说,也较难通过经济收益与资源投入相匹配的理论解释,笔者初步将其解释为项目负责人对高风险的新承接客户的规避行为。

进一步考虑事务所规模变量,表7组B的结果显示,在审计定价模型中, $NEWCLNT_{premod}$ 的系数显著为正,意味着中小规模事务所对变更前收到了非标准审计报告的新承接客户视为更高风险的新客户,并收取了更高的审计费用;而在项目负责人执业经验配置模型的所有回归结果中, $NEWCLNT_{premod}$ 的系数均显著为负,意味着中小规模事务所为此类客户配置了经验更少的项目负责人。 $NEWCLNT_{premod} * BIGFIRM$ 的系数则在所有回归中均显著为正,意味着对于具有较高风险的新承接客户,大规模事务所能够比中小规模事务所配置经验更多的项目负责人,从而支持事务所的规模效应(假设H4)。但未列报的Chi-square检验结果显示,在4次回归结果中, $NEWCLNT_{premod} + NEWCLNT_{premod} * BIGFIRM$ 的联合系数均为负(其中1个联合系数显著),这并不支持假设H3。

## (五)其他补充测试

### 1. 剔除当年未承接新客户的事务所观测

在此前的检验中,新承接客户的参照基准是所有其他连续审计客户。但某些事务所在特定年份(甚至整个样本期间)可能没有承接任何从其他会计师事务所变更来的新客户,从而这些事务所中的观测全部属于连续审计客户。这样的事务所在客户风险管理、注册会计师执业经验水平和项目负责人配置决策等方面可能与当年承接了新客户的事务所存在系统性的差异。为了排除这些潜在差异对此前结果可能产生的干扰,笔者剔除了在某年份没有承接任何来自其他事务所客户的事务所观测,<sup>22</sup>新样本中的每一家事务所在某一年份至少承接了一个来自其他事务所的新客户,全样本规模从原来的5982例减少至4111例。未列报的结果显示,此前各项测试的主要结果和结论没有发生性质上的改变。

### 2. 区分强制性变更与自愿性变更

会计师事务所承接的新客户还可能来源于不同性质的事务所变更(自愿性变更 vs. 强制性变更)。强制性变更还可按照前任会计师事务所是否存续分为两类:样本期内前任事务所由于监管处罚(李爽、吴溪,2003)或清算关闭等原因而不再存续的,设置为 $NEWCLNT_{close} = 1$ ( $n = 182$ );样本期内由于国资委强制轮换或委派新的会计师事务所的(齐一蕊,2008),设置为 $NEWCLNT_{desig} = 1$ ( $n = 28$ )。除了这两

<sup>22</sup> 作者感谢执行编辑建议的此项稳健性测试。

表7 新承接客户与审计项目负责人执业经验配置：区分购买审计意见动机的潜在差异

因变量	EXP <sub>max</sub>		EXP <sub>min</sub>	
	按照执业年限计量 (EXP <sub>max1</sub> ) 系数 (t统计量)	按照累计负责项目数量计量 (EXP <sub>max2</sub> ) 系数 (z统计量)	按照执业年限计量 (EXP <sub>min1</sub> ) 系数 (z统计量)	按照累计负责项目数量计量 (EXP <sub>min2</sub> ) 系数 (z统计量)
组A：模型(3)的检验结果				
NEWCLNT <sub>premod</sub>	0.082 (2.59***)	-0.174 (-3.64***)	-0.400 (-4.22***)	-0.417 (-4.13***)
NEWCLNT <sub>preclean</sub>	-0.072 (-3.71***)	-0.170 (-6.14***)	-0.285 (-5.35***)	-0.466 (-7.59***)
组B：模型(4)的检验结果				
NEWCLNT <sub>premod</sub>	0.079 (2.24**)	-0.237 (-3.67***)	-0.617 (-5.12***)	-0.621 (-4.53***)
NEWCLNT <sub>premod</sub> *BIGFIRM	0.012 (0.18)	0.160 (1.64*)	0.421 (2.59***)	0.508 (2.67***)
NEWCLNT <sub>preclean</sub>	-0.046 (-2.19**)	-0.219 (-6.10***)	-0.548 (-8.31***)	-0.617 (-7.79***)
NEWCLNT <sub>preclean</sub> *BIGFIRM	-0.066 (-1.54)	0.125 (2.29**)	0.496 (5.26***)	0.390 (3.18***)
BIGFIRM	0.109 (5.06***)	0.024 (1.27)	0.421 (12.24***)	-0.157 (-4.73***)
n	5982	5982	5982	5982

\*\*\*、\*\*、\* 分别表示1%、5%、10%的显著性水平(双尾)。所有变量估计值的标准差均调整了公司群集效应。

模型 (3) :

$$EXP = b_0 + b_1 NEWCLNT_{premod} + b_2 NEWCLNT_{preclean} + b_3 JTA + b_4 SQSUBS + b_5 LEV + b_6 RECYNV + b_7 LOSS + b_8 MOD + INDUSTRY + YEAR + \delta$$

模型 (4) :

$$EXP = b_0 + b_1 NEWCLNT_{premod} + b_2 NEWCLNT_{preclean} * BIGFIRM + b_3 NEWCLNT_{preclean} + b_4 NEWCLNT_{preclean} * BIGFIRM + b_5 BIGFIRM + b_6 JTA + b_7 SQSUBS + b_8 LEV + b_9 RECYNV + b_{10} LOSS + b_{11} MOD + INDUSTRY + YEAR + \delta$$

其中,  $EXP$  可以取  $EXP_{max1}$ 、 $EXP_{max2}$ 、 $EXP_{min1}$  或  $EXP_{min2}$ 。

变量界定:

$LAF$  = 会计师事务所向上市公司收取的年度审计收费 (取自然对数)。

$EXP_{max1}$  = 两名签字注册会计师中经验较高者对应的  $EXP_{it}$ 。

$EXP_{max2}$  = 两名签字注册会计师中经验较高者对应的  $EXP_{it}$ 。

$EXP_{min1}$  = 两名签字注册会计师中经验较低者对应的  $EXP_{it}$ 。

$EXP_{min2}$  = 两名签字注册会计师中经验较低者对应的  $EXP_{it}$ 。

$EXP_{it}$  = 当前年份  $i$  审计师  $j$  最早签署过的上市公司年审报告对应的年份。

$EXP_{it}$  = 当前年份  $i$  之前审计师  $j$  签署过的所有上市公司年审报告总数。

$NEWCLNT_{premod} = 1$ , 新承接客户, 且在上一年度前任会计师事务所出具了非标准审计报告; 0, 其他。

$NEWCLNT_{preclean} = 1$ , 大规模会计师事务所观测, 包括国际四大 (即普华永道、毕马威、安永和德勤在中国的合作所) 和国内大所 (当年年审中上市客户数量排名前十的本土事务所); 0, 其他会计师事务所观测。

其他各变量的界定参见表 5。

上述模型的控制变量回归结果与表 5 非常相似, 故本表未予列报。

其他各变量的界定参见表 5。

会计师事务所为新承接的审计客户配置了更有经验的项目负责人吗？

类强制性变更以外的其他事务所变更，均视为自愿性变更，设置为 $NEWCLNT_{volun} = 1$  ( $n = 432$ )。为了考察此前的检验结果是否主要受到特定性质的事务所变更影响，笔者将模型(1)中的单一实验变量 $NEWCLNT$ 拓展为三个虚拟变量( $NEWCLNT_{volun}$ 、 $NEWCLNT_{close}$ 和 $NEWCLNT_{desig}$ )。未列报的结果显示，无论是采用初始的全样本( $n = 5982$ )，还是采用剔除当年未承接新客户的事务所观测后的全样本( $n = 4111$ )，采用执业年限或累计负责项目数量计量的 $EXP$ 与三类新承接客户虚拟变量均显著负相关( $p < 0.05$ 或 $< 0.01$ )。这意味着表5的结果并不仅限于特定变更性质的新客户。<sup>23</sup>

由于两类强制性变更观测的数量较少，且在不同年份以及不同规模事务所中的分布不均衡(特别是2001年集中了160例监管处罚类强制性变更观测)，对 $NEWCLNT_{close}$ 和 $NEWCLNT_{desig}$ 进行分事务所规模、分年度以及区分购买审计意见动机等进一步检验缺乏统计上的意义。因此笔者将两类强制性变更观测从样本中剔除，并重复此前的模型(2)至(4)等一系列测试。未列报的结果显示，此前测试的主要结果和结论仍然适用于自愿性变更，并未受到强制性事务所变更的影响。

### 3. 采用两名项目负责人的平均执业经验作为因变量

此前的检验均考察了两名项目负责人各自的执业经验配置模型，但两名项目负责人并非完全相互独立地执行同一个客户的审计业务，而通常会相互贡献各自经验，并共同承担法律责任；因此，会计师事务所在配置两名项目负责人时也可能考虑平均的执业经验水平。<sup>24</sup>为此，笔者还考察了新承接客户与平均执业经验( $EXP_{avg} = (EXP_{max} + EXP_{min}) / 2$ )的关系。未列报的结果显示，此前各项测试的主要结果和结论基本不变。

## 五、结论与进一步的讨论

会计事务所风险管理假说预期，事务所出于专业胜任能力和业务质量控制的考虑会为新承接客户配置执业经验较高的项目负责人。然而基于中国证券市场的经验数据，笔者发现，一方面，中小规模会计师事务所的新承接客户伴随着显著更低的项目负责人执业经验；另一方面，尽管在2002年行业组织开始大力加强对上市公司变更事务所的监管检查以来，大规模事务所为新承接客户配置的项目负责人执业经验显著高于中小规模事务所的新承接客户，但也并没有配置执业经验显著高于所内连续审计客户的项目负责人。即使对于新承接客户中的较高风险组(按照变更前审计意见类型计量)，上述发现仍然适用。总体而言，尽管会计师事务所的规模效应(H2和H4)得到了普遍的支持，但本文的经验证据并不支持会计事务所风险管理假说(H1和H3)，这与通常的会计师事务所业务质量控制理念和监管要求并不一致。

<sup>23</sup> 值得注意的是，对于国资委推行的会计师事务所强制轮换，后任会计师事务所同样配置了较低执业经验的项目负责人。这意味着强制轮换政策所产生的审计师对大型国企客户初始了解不足问题可能加剧。当然，本文中此类细分样本的规模较小，该现象是否稳定需要进一步观察。

<sup>24</sup> 作者感谢一位匿名审稿人提出的该项观点以及相应的测试建议。

如何解释上述“异象”？通过此前的经验观察，本文提供了若干可能的解释。首先的一个解释是项目负责人的经济利益解释。一方面，会计师事务所对于新承接客户通常存在着审计折价行为(DeAngelo, 1981a)；表5的测试结果也显示，新承接客户伴随着更低的经济收入。另一方面，项目负责人通常需要为新承接客户投入更多的个人努力和审计成本。因此，为新承接客户配置执业经验较低的项目负责人的做法可能意味着，审计项目负责人资源尚未从业务质量控制和公众责任的角度加以配置，而更多地基于审计业务收益与审计业务投入相匹配(Maister, 1993; Johnstone, 2000)的基本经济原则来配置。

另一个可能的解释是项目负责人的风险规避动机。由于新客户的业务风险难以确定，能否成为稳定客户的不确定性也较大，因此有经验的注册会计师可能不愿担任不稳定客户的项目负责人；同时新承接客户容易引发监管机构和行业组织的关注和检查，一旦负责此类客户，有经验的注册会计师更容易成为监管检查对象。表7显示的证据与该解释是一致的：对于变更前收到非标准审计报告的新承接客户，即使事务所向客户收取了更高的审计收费，但仍配置了执业经验显著更低的项目负责人。

此外也可能存在着其他解释。<sup>25</sup>例如，新客户的项目负责人可能只是根据不同注册会计师的繁忙程度进行配置；由于执业经验较少的注册会计师通常伴随着较低的繁忙程度，因此有可能被安排到新承接的客户。再比如，新客户的项目负责人可能是按照客户的承接人进行配置的。<sup>26</sup>

需要注意的是，不论是何种对“异象”的解释，其共同特点是都没有按照行业公认的业务质量控制规范为新承接的客户配置审计项目负责人。当然，在特定的会计师事务所或审计实务情形中，何种解释更加适用(例如到底是有经验项目负责人的刻意规避，还是事务所内部程序的自然结果)，值得更加深入的研究。

值得进一步研究的问题还包括，为新承接客户配置了执业经验较低的项目负责人是否会系统性地导致较低的审计质量？会计师事务所是否可能通过其他业务质量控制机制，以确保新承接客户的审计质量？<sup>27</sup>当然，即使我们目前并不清楚这些问题的答案，本文的发现对行业组织和政府监管机构仍具有一定的政策含义，即在审

<sup>25</sup> 作者感谢一位匿名审稿人提出的其他解释。

<sup>26</sup> 要解释本文发现的异象，该解释需要满足较为严格的假设，即(1)谁承揽的客户、由谁负责签字；(2)变更来的客户主要是由经验较低的注册会计师承接的。如果不满足第一项假设，那么客户承揽人的特征与项目负责人的特征缺少直接关联；如果不满足第二项假设(比如新客户主要是由执业经验更丰富的注册会计师承接)，那么本文的发现将更加说明经验较高的注册会计师可能规避负责新承接客户。

<sup>27</sup> 例如要求项目组成员更加严格地执行审计程序、获取审计证据，或是在项目组以外设置较为有效的质量控制复核。但由于本文的证据显示新承接客户的项目负责人低配置现象突出存在于中小规模事务所，那么这类事务所通过其他业务质量控制措施确保审计质量的可能性并不乐观。



会计师事务所为新承接的审计客户配置了更有经验的项目负责人吗？

计师变更的监管检查中可以将中小规模会计师事务所中执业经验低配置的新承接客户作为重点关注和检查的一类对象。

对于大规模会计师事务所，笔者并未发现明显支持事务所风险管理假说的证据。这意味着大规模事务所仍需进一步加强业务质量控制，针对新承接客户配置执业经验更丰富的项目负责人。当然，执业经验高配置的审计业务可能并不必然伴随着更高的审计质量，因为一项审计业务配置了执业经验较丰富的项目负责人后，审计质量将主要取决于项目负责人的独立性。

最后，尽管本文采用了两种方式计量审计项目负责人的执业经验，但仍然难以非常精确地度量这一难以直接观察的主观变量。未来的研究可进一步寻求更加精确的执业经验计量方式。

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## Do Audit Firms Assign the More Experienced Engagement Partners to New Clients Switching from Other Firms? \*

Xi Wu<sup>1</sup>

### Abstract

Compared with continuous clients, an audit firm has less understanding of new clients switching from other audit firms, and thus incurs greater start-up costs and faces a higher level of engagement uncertainties. For the purposes of risk management and engagement quality control, the audit firm is expected to assign a more experienced engagement partner to a newly accepted client. However, empirical evidence from Chinese stock markets does not support this hypothesis. First, for smaller audit firms, the evidence shows that the engagement partners of new clients are less experienced than those of continuous clients. Second, although the engagement partners assigned by larger audit firms to new clients tend to have greater experience than those assigned by smaller audit firms to new clients, I find no evidence that larger firms assign the more experienced engagement partners to new clients than to continuous clients. Third, the above findings hold even for new clients with higher risk. Further explanations of the anomaly are discussed.

*Keywords:* Audit Firm Switches, Engagement Quality Control, Engagement Partners, Practicing Experience

*CLC codes:* F239

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## I. Introduction

This paper investigates whether Chinese audit firms assign the more experienced engagement partners to listed clients that have switched from other audit firms (hereinafter referred to as “new clients” or “newly accepted clients”). Numerous prior studies have examined the motivating factors of audit firm switches, and the audit pricing and audit quality subsequent to the switches (e.g. DeAngelo, 1981a; Chow and Rice, 1982; Francis and Wilson, 1988; Simon and Francis, 1988; Craswell and Francis, 1999; Lennox, 2000). The audit firm switches in China are also extensively studied (e.g. Li and Wu, 2002a; Chan *et al.*, 2006).<sup>2</sup> As to the consequence of audit firm switching, prior studies mainly focus on its impact on the financial reporting and audit quality. As far as the research method is concerned, researchers observe the beginning (a switch) and the end (the financial reporting or audit outcome) of the impacting process, but offer limited insights into the process.

The process that an audit firm switch could have an impact on audit quality starts with an important step, in which the successor audit firm makes the client acceptance decision and assigns audit personnel to the newly accepted client. A body of literature has examined the association between client acceptance decision making and audit staffing (Johnstone, 2000; Johnstone and Bedard, 2001, 2003; Asare *et al.*, 2005). The main idea of this body of literature is that as an approach to managing risks, assigning an auditor with greater experience could mitigate the risk that a new client may bring to the firm, thus increasing the probability of accepting a risky client. Although an earlier experimental study (Johnstone, 2000) fails to find that audit partners tend to act this way, subsequent studies (e.g. Johnstone and Bedard, 2003) using audit firms’ internal archival data do find that assigning the more experienced auditors mitigates the negative impact of client risks on the audit firm’s client acceptance decision. Moreover, Johnstone and Bedard (2001) and Asare *et al.* (2005) provide internal archival and experimental evidence, respectively, that audit firms respond to the client risk profile by planning to assign the more experienced audit personnel.

The above-mentioned studies focus on how the audit staffing plan affects the audit firm’s client acceptance decision. An audit firm’s internal archival data often provide information about the bidding clients (including successful and unsuccessful bids), and about the planned assignment of auditor experience. In experimental studies, the auditor experience measure is obtained via the subjective staffing preference made by the

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<sup>2</sup> Also refer to Li and Wu (2002b) and Wu and Liu (2008) for more detailed reviews.

participating auditors. This paper attempts to extend the literature on the risk management and quality control of accounting firms in the following ways.

First, prior studies examine the factors that affect an audit firm's client acceptance decision, while I examine an audit firm's arrangement of audit labour *after* the firm accepts a new client. Meanwhile, I examine the actual audit labour usage, thus extending the planned labour usage (Johnstone and Bedard, 2001, 2003) or the labour usage preference obtained in experiments (Johnstone, 2000; Asare *et al.*, 2005).

Second, most prior research on audit labour usage focuses on the audit hour measure and the allocation of audit hours among engagement team members at various levels (e.g. Palmrose, 1989; O'Keefe *et al.*, 1994; Dopuch *et al.*, 2003; Asare *et al.*, 2005; Bell *et al.*, 2008), while I use another measure (i.e. the auditor's practicing experience) to examine the audit labour usage. Moreover, although prior experimental or survey studies often use the professional ranking (e.g. partner vs. manager vs. staff) to reflect the differences in practicing experience among audit personnel, I measure individual auditor's experience based on both the number of practicing years and the accumulated number of in-charge engagements, thus extending the operation of the auditor experience variable in empirical research.

Third, I focus on how an audit firm assigns the *engagement partners*, as these individuals usually dominate the efficiency and quality of an audit and should be responsible for the overall quality of an audit engagement. Since the identities of engagement partners are publicly available in Chinese stock markets, this study is able to use a large-size sample with public archival data, which extends prior studies that use audit firms' internal archival data or experimental data (usually with smaller sample size), and therefore enhances the generalisability of the empirical findings herein.

Based on the above extensions, this paper examines how audit firms assign engagement partners with various experience levels in response to a fundamental client risk profile; that is, a newly accepted client versus a continuous client. Since experienced auditors are scarce resources in an audit firm, the assignment of engagement partners with various experience levels to various clients is an important issue for an audit firm in respect of risk management and engagement quality control.

For a listed client that is newly accepted, the successor audit firm has very limited understanding of this client, and thus faces greater engagement risks and uncertainties. The audit firm needs to assign the more competent engagement partners to new clients to provide a greater level of engagement quality control. Accordingly, the hypothesis of audit firm risk management expects that engagement partners are more experienced for new clients than for other (continuous) clients. However, empirical findings based on data from the Chinese stock markets between 2001 and 2005 do not support the hypothesis. For smaller audit firms, the engagement partners of new clients are less experienced than those of continuous clients. Even for larger audit firms, the engagement partners of new clients are no more experienced than those of continuous clients, although I find that the engagement partners of new clients in larger firms are more experienced than

those of new clients in smaller firms. Finally, I find that the above findings hold even for more risky new clients. A number of possible explanations for the anomaly are then discussed and warrant further study.

The remainder of this paper is organised as follows. The next section develops the research hypotheses. The third section describes the research design. The fourth section presents the empirical results. The paper concludes with a discussion.

## II. Research Hypotheses

### 2.1 Audit Firm Risk Management Hypothesis

One important feature of audit techniques is the considerable start-up costs for a given client (DeAngelo, 1981b). Owing to the lack of sufficient knowledge about a newly accepted client (including the substantive reason for switching from the predecessor audit firm), the successor firm often faces an audit task which is more complex, more uncertain, and more risky than that for a continuous client. International auditing standards require that audit firms should assign firm personnel with appropriate levels of capabilities and competence whether for an existing client or for a new client. However, for an initial audit, the audit firm has additional considerations in the assignment of firm personnel (e.g. assigning individuals with higher levels of capabilities or experiences),<sup>3</sup> with an expected benefit of maintaining the audit quality of the initial as well as subsequent audits. As described in the international standards, capabilities and competence are developed through a variety of methods including working experience (IFAC, 2007, 171). Consistent with international standards, Bell *et al.* (2008) find evidence from a Big-Four accounting firm that the audit hours allocated at every rank of labour increase systematically for a first-year client.

Since 1996, regulators of the Chinese stock markets have established and improved the requirements for audit firm switching disclosure and corporate governance (Li and Wu, 2002a). Since 2002, the Chinese Institute of Certified Public Accountants (CICPA) has emphasised initial audits due to the listed company switching audit firms during the annual national inspection, and the strength of inspection has been reinforced for recent years (Li and Wu, 2002b; CICPA, 2008). The intensive scrutiny on the part of regulators and the professional body aims to maintain the audit quality subsequent to the audit firm switching. Accordingly, an audit firm will face a greater likelihood of inspection if accepting a listed client switching from another audit firm. Thus, from a non-technical perspective, assigning the more experienced engagement partners also serves as a signal

<sup>3</sup> Please refer to the requirements of the International Federation of Accountants (IFAC, 2007) for accepting an initial audit as described in International Standard on Quality Control (ISQC) 1 – Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements, International Standard on Auditing (ISA) 220 – Quality Control for Audits of Historical Financial Information, and ISA 300 – Planning an Audit of Financial Statements. Similarly, ISA 330 – The Auditor’s Procedures in Response to Assessed Risks and ISA 240 – The Auditor’s Responsibility to Consider Fraud in an Audit of Financial Statements stipulate that assigning the more experienced audit personnel to an engagement can be one of the overall responses to address the risks of material misstatement at the financial statement level.

by the successor audit firm of commitment to audit quality for the new client, which helps to mitigate the regulatory concern about the audit quality (particularly the competence aspect) of a successor audit firm and to lower the related regulatory risk.

The qualification for an individual auditor to sign an audit report for a listed company has long been regulated in Chinese stock markets. To obtain a special practicing licence, an individual auditor has needed to pass a specific and very demanding examination since 1997 (in addition to the national CPA examination), to accumulate relevant practicing experience (a minimum of one year of working experience after obtaining the CPA certificate), and to meet other practicing requirements.<sup>4</sup> Under these regulations, the CPAs that are qualified to sign the audit report for a listed company generally have a higher level of capabilities and practicing experience than an average CPA, and are of a very limited number.<sup>5</sup> Therefore, these licensed CPAs are scarce human resources in a given audit firm, among which the more experienced ones are even more scarce. An audit firm needs to assign the scarce human resources (engagement partners) to more risky audit engagements.

In sum, I develop the following testable hypothesis:

**H1: Audit firms assign the more experienced engagement partners to newly accepted clients than to continuous clients.**

## 2.2 The Effect of Audit Firm Size

Theoretically, a large audit firm suffers greater losses from an audit failure because it has more clients and thus more quasi-rents (DeAngelo, 1981b). An implication of this is that larger audit firms may be more likely to employ superior audit resources than smaller firms in order to maintain a high level of engagement quality control (to prevent audit failures). Bedard *et al.* (2008, RQ5) also raise the questions about whether large audit firms respond to correlated client business risks across the portfolio by differentially assigning personnel across engagements and what the relative performance of smaller firms is in responding to client risks. Correspondingly, I develop the second hypothesis as follows:

**H2: Larger audit firms are more likely to assign the more experienced engagement partners to new clients than smaller audit firms are.**

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<sup>4</sup> For example, the individual auditors are required to have sound practice quality and good professional ethics, and are not found with any violations of laws or professional standards during the latest three years prior to the application.

<sup>5</sup> Based on a review by the Examination Division of the CICPA (2008), the CICPA organised the securities business licensing examinations for CPAs six times from 1997 to 2002. About 3,000 individuals passed the examination and were issued the licence, serving as the backbone of audit workforce in Chinese capital markets.



## 2.3 The Effect of Differential Risk Profiles among New Clients

Apart from the fact that the overall level of risk for new clients is higher than that for continuous clients, the risk profiles can be quite different among new clients. Prior empirical evidence (Johnstone and Bedard, 2001; Asare *et al.*, 2005) shows that audit firms respond to some risk factors of new clients (e.g. misstatement risk or a management integrity problem) by planning to assign the more experienced audit personnel. The audit firm risk management hypothesis also implies that audit firms need to assign the more experienced engagement partners to those new clients with higher risks. Therefore, I develop the third hypothesis as follows:

**H3: Audit firms assign the more experienced engagement partners to new clients that are more risky.**

Further combining the effect of audit firm size as hypothesised in H2, I develop the fourth hypothesis as follows:

**H4: Larger audit firms are more likely to assign the more experienced engagement partners to new clients that are more risky than smaller audit firms are.**

It is worth noting that evidence consistent with H3 but inconsistent with H1 would still support the audit firm risk management hypothesis to some extent, and evidence consistent with H4 but inconsistent with H2 would still support the effect of audit firm size to some extent.

## III. Research Design

### 3.1 Measuring the Practicing Experience of Engagement Partners

According to the Chinese auditing standards, an engagement partner refers to the head of the accounting firm who is responsible for the audit engagement and its performance and signs on behalf of the accounting firm the auditor's report, or the auditor who signs the report under delegated authority.<sup>6</sup> Under the relevant regulation, to be qualified as an auditor licensed for securities business, the certified public accountant needs to pass a special national examination and apply for registration with the regulatory agency. Then, the audit firm may assign the licensed auditor to be an engagement partner for a listed company.

An auditor may have participated in a number of audits for listed clients before he or she becomes a signing auditor (that is, an engagement partner) for a listed client. However, there can be considerable differences between participating in an engagement and leading an engagement. The latter is much more demanding for an

<sup>6</sup> See Article 3 of the China Standard on Auditing No. 1121 – Quality Control for Audits of Historical Financial Information.

auditor in terms of professional knowledge, techniques, and experience. Besides, there are substantive differences in legal liability between leading and participating in an engagement. Moreover, it is difficult to observe and measure potential differences in the length and extent of participation in audits for listed clients before an auditor becomes an engagement partner. Therefore, the term “practicing experience” used in this study denotes the auditor’s experience as an engagement partner for the annual audit of a listed client, rather than as a participating auditor for the audit of a listed client. Accordingly, the starting point in measuring the practicing experience is the earliest fiscal year for which the auditor becomes an engagement partner for the annual audit of a listed client.

Auditors accumulate their practicing experience after becoming an engagement partner for a listed client. I use two approaches to measure the experience accumulating process. The first approach is to add up the experience based on the initial practicing year. The count of experience adds 1 as one year passes. Specifically, for a given individual auditor  $i$ , the practicing experience  $EXP_i$  is measured as follows:

$EXP_{it} = \text{current fiscal year} - \text{the earliest fiscal year when auditor } i \text{ becomes an engagement partner for any annual audit of any listed client.}$

The above approach is consistent with the approach popularly used in academic research and practice to describe professional experience based on the practicing years.<sup>7</sup> This measurement is relatively simple and less costly in calculation. However, the limitation is that it is a rough measure for reflecting the intensity of experience accumulation after an auditor becomes an engagement partner. To mitigate this limitation, I use the second approach of measuring the experience based on the cumulative number of in-charge annual audits of listed clients. The count of experience adds 1 for each annual audit of a listed client in which the auditor acts as an engagement partner. Specifically, for a given individual auditor  $i$ , the practicing experience  $EXP_i$  is measured as follows:

$EXP_{it} = \text{the cumulative number of in-charge annual audits of listed clients taken by auditor } i \text{ prior to the current fiscal year audit.}$

The second approach is consistent with the logic underlying the experience accruing process; that is, the practicing experience increases as the frequency of being an engagement partner increases. This approach is better than the first approach at capturing

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<sup>7</sup> Taking the experimental or survey studies on auditor judgment as an example, researchers often describe participants’ experience based on their years of practicing. It is also popular in practice that many professional examinations or qualification applications have the requirement of practicing years.

the difference in the intensity of experience accumulation, but at a higher measurement cost, and it is subject to the completeness of data.<sup>8</sup>

Given two securities business licensed auditors A and B and the yearly numbers of their in-charge audits for listed companies between 2001 and 2005, Table 1 exhibits how two approaches measure their yearly practicing experience, respectively. Taking Auditor A as an example, assume that he becomes an engagement partner for the first time for the 2001 annual audit. This means that Auditor A has not accumulated any experience as an engagement partner for any listed company prior to the 2001 audit, thus his practicing experience in the 2001 audit is measured as zero. Assuming that Auditor A does not act as an engagement partner for any listed client in the 2003 annual audit, the second approach based on the cumulative number of prior audits does not count any accumulation of experience in the 2003 audit, while the first approach based on the initial practicing year keeps accumulating Auditor A's experience.

**Table 1** Exemplified Measurement of Practicing Experience of Engagement Partners

Fiscal year	Auditor A			Auditor B		
	Practicing experience			Practicing experience		
	Yearly number of in-charge audits of listed clients*	Based on the initial practicing year	Based on the cumulative number of in-charge audits	Yearly number of in-charge audits of listed clients*	Based on the initial practicing year	Based on the cumulative number of in-charge audits
2001 <sup>#</sup>	1	0	0	–	–	–
2002 <sup>#</sup>	1	1	1	3	0	0
2003	–	–	–	2	1	3
2004	1	3	2	1	2	5
2005	2	4	3	3	3	6

\* Data in the column are hypothetical.

<sup>#</sup> Assume that the 2001 (2002) fiscal year is the year for which Auditor A (B) becomes an engagement partner for the first time for any listed company.

In China, an auditor's report requires the signatures of at least (and normally) two auditors.<sup>9</sup> This requirement makes the analysis of engagement partner experience even more complicated. As required, one signing auditor is responsible for field work and the other one is responsible for engagement review. However, researchers are unable

<sup>8</sup> For example, if the data about a certain engagement partner for a listed company are not available, using the second approach will obviously underestimate the practicing experience of this partner. But with the first approach (based on the practicing year), if the engagement partner with missing data has ever signed any audit report for any listed company prior to the data-missing year, the measurement of experience of this engagement partner will not be affected. To obtain a set of engagement partner data that is as comprehensive as possible, I include the financial-industry listed companies and B-share-only companies in measuring the practicing experience. I also supplement the missing engagement partner data between 2001 and 2005 via the internal data source from the Inspection Bureau of the Ministry of Finance.

<sup>9</sup> See "The Rule on the Signatures of Certified Public Accountants on an Auditor's Report" issued by the Ministry of Finance on 2 July 2001 (Ref. no.: Caikui [2001] No. 1035).

to identify the field-work partner from the engagement-review partner through publicly available disclosures. To systematically differentiate the two engagement partners, I design the following method. First, I measure the practicing experience ( $EXP_i$ , where  $i = x$  or  $y$ ) of the two signing auditors  $x$  and  $y$  for the same client. Then I distinguish the auditor with a higher level of experience from that with a lower level of experience, and define that  $EXP_{max} = \max(EXP_x, EXP_y)$ , and  $EXP_{min} = \min(EXP_x, EXP_y)$ . I examine both  $EXP_{max}$  and  $EXP_{min}$  in subsequent analyses. Given that review responsibilities are determined on the basis that the more experienced team members will review the work performed by the less experienced team members,<sup>10</sup> the auditor with  $EXP_{max}$  may determine the quality of the engagement review, whereas the auditor with  $EXP_{min}$  may have a greater impact on the quality of the field work. For a few cases where three signing auditors are assigned to a listed client, the above methodology still applies.

## 3.2 Models of Experienced Engagement Partner Assignment

### 3.2.1 Model used to test H1

As an economic agent, the audit firm normally considers the profitability of a specific audit engagement, and determines the input of audit resources based on its matching with audit revenues (Maister, 1993; Johnstone, 2000). Therefore, the factors that determine the audit revenues (fees) could also be those that determine the audit staffing. For example, in prior related studies (Palmrose, 1989; O'Keefe *et al.*, 1994; Dopuch *et al.*, 2003; Bell *et al.*, 2008), researchers construct audit fee models and audit effort models at the same time, often using the same set of independent variables for the two models. Correspondingly, I refer to the audit pricing model (Simunic, 1980; Hay *et al.*, 2006) to construct the engagement partner assignment model, which is used to test H1.

$$EXP = b_0 + b_1NEWCLNT + b_2LTA + b_3SQSUBS + b_4LEV + b_5RECVINV + b_6LOSS + b_7MOD + INDUSTRY + YEAR + \delta \quad (1)$$

The dependent variable  $EXP$  can be  $EXP_{max}$  or  $EXP_{min}$ , using both measures of practicing experience (based on years of practicing or the cumulative number of in-charge audits). As  $EXP$  is non-negative count data, Poisson regression is used to test the model.<sup>11</sup> The experimental variable is  $NEWCLNT$  (coded as 1 for a new client accepted from another audit firm, and 0 for a continuous client).<sup>12</sup> The audit firm risk management hypothesis (H1) predicts a significantly positive coefficient on  $NEWCLNT$ .

<sup>10</sup> See Article 20 of the China Standard on Auditing No. 1121 – Quality Control for Audits of Historical Financial Information.

<sup>11</sup> I also set the dependent variable as  $\ln(EXP+1)$  and run the OLS regression, from which qualitatively the same major results are obtained.

<sup>12</sup> The change in audit firm name and the merger or split among audit firms are not treated as an audit firm switching.

A set of typical variables are then selected as the control variables of the model, including: (1) the client size variable *LTA* (= the natural logarithm of total assets); (2) the client complexity variable *SQSUBS* (= the square root of the number of consolidated subsidiaries); (3) the financial leverage *LEV* (= total liabilities to total assets ratio); (4) the receivables and inventory ratio *RECVINV* (= (receivables + inventory) / total assets); (5) the profitability status *LOSS* (coded 1 if current net income is negative, and 0 otherwise); and (6) the audit opinion type variable *MOD* (coded 1 if the client is issued a modified audit report,<sup>13</sup> and 0 otherwise). In the audit pricing model, factors of client size, complexity, and business risk are often found to be positively correlated with audit fees. Given the matching between audit revenues and audit inputs (Maister, 1993; Johnstone, 2000), I expect that these variables are also positively correlated with the experience of engagement partners assigned by the audit firm. Finally, the model is controlled for the industry dummy, which is set according to the industry classification list issued by the China Securities Regulatory Commission (CSRC), and for the year dummy.

To compare whether the pattern of engagement partner assignment is consistent with the audit fee determinant model, I also examine the audit fee model by setting the dependent variable *LAF* (the natural logarithm of annual audit fees) and the same control variables as those in Model (1).

### 3.2.2 Model used to test H2

To test H2, I classify audit firms into the larger group (*BIGFIRM* = 1) and the smaller group (*BIGFIRM* = 0). The larger group of audit firms includes the Big Four, namely PricewaterhouseCoopers, KPMG, Ernst & Young, and Deloitte, and the top-10 local firms, which are classified according to the yearly number of listed clients. Other audit firms are grouped as smaller firms. The testing model is set as follows:

$$\begin{aligned}
 EXP = & b_0 + b_1NEWCLNT + b_2NEWCLNT * BIGFIRM + b_3BIGFIRM \\
 & + b_4LTA + b_5SQSUBS + b_6LEV + b_7RECVINV + b_8LOSS \\
 & + b_9MOD + INDUSTRY + YEAR + \delta
 \end{aligned}
 \tag{2}$$

The effect of audit firm size (H2) predicts that the coefficient  $b_2$  in Model (2) will be significantly positive. If H1 is valid for larger audit firms, the joint coefficient  $b_1+b_2$  in Model (2) is expected to be significantly positive.

<sup>13</sup> Modified audit reports include a disclaimer of opinion, an adverse opinion, a qualified opinion, and an unqualified opinion with an emphasis of matter paragraph.

### 3.2.3 Model used to test H3

To test H3, a more risky subgroup is differentiated among the newly accepted clients. Prior literature on audit firm switching generally documents that a previous modified audit opinion is more likely to lead to the audit firm switching (e.g. Chow and Rice, 1982; Lennox, 2000; Li and Wu, 2002a; Chan *et al.*, 2006), while the audit firm switching associated with a stronger incentive for opinion shopping often results in greater market attention and regulatory inspection (Li and Wu, 2002b; CICPA, 2008). For the successor audit firm, the new client with a previous modified audit opinion is more likely to be deemed as a more risky one. Therefore, I classify the new clients into two subgroups, one of which receives a modified audit opinion in the previous year ( $NEWCLNT_{premod} = 1$ ), and the other one of which receives a clean audit opinion in the previous year ( $NEWCLNT_{preclean} = 1$ ). The testing model is set as follows:

$$\begin{aligned}
 EXP = & b_0 + b_1NEWCLNT_{premod} + b_2NEWCLNT_{preclean} + b_3LTA \\
 & + b_4SQSUBS + b_5LEV + b_6RECVINV + b_7LOSS + b_8MOD \\
 & + INDUSTRY + YEAR + \delta
 \end{aligned} \tag{3}$$

If H3 holds, the coefficient  $b_1$  in Model (3) is expected to be significantly positive.

### 3.2.4 Model used to test H4

To test H4, the interaction items between subgroups of new clients ( $NEWCLNT_{premod}$  and  $NEWCLNT_{preclean}$ ) and larger audit firm ( $BIGFIRM$ ) are added. The testing model is set as follows:

$$\begin{aligned}
 EXP = & b_0 + b_1NEWCLNT_{premod} + b_2NEWCLNT_{premod} * BIGFIRM \\
 & + b_3NEWCLNT_{preclean} + b_4NEWCLNT_{preclean} * BIGFIRM \\
 & + b_5BIGFIRM + b_6LTA + b_7SQSUBS + b_8LEV + b_9RECVINV \\
 & + b_{10}LOSS + b_{11}MOD + INDUSTRY + YEAR + \delta
 \end{aligned} \tag{4}$$

If H4 holds, the coefficient  $b_2$  in Model (4) is expected to be significantly positive. If H3 is valid for larger audit firms, the joint coefficient  $b_1+b_2$  in Model (4) is expected to be significantly positive.

### 3.3 Sample and Data

The sample consists of non-financial A-share companies between 2001 and 2005 annual audits with available data for all variables in Models (1) to (4) and with available audit fees as well.<sup>14</sup> The full sample has 5982 observations including 642 new clients and 5340 continuous clients. To mitigate the impact of extreme values, all of the continuous independent variables are winsorised at the 5th and 95th percentiles.

## IV. Empirical Analyses

### 4.1 Descriptive Statistics

Statistics show that there are 854, 947, 1013, 1265, and 1385 individual auditors who act as an engagement partner for a Chinese listed company in annual audits between 2001 and 2005, respectively. Table 2 presents the distribution of practicing experience of engagement partners for Chinese listed companies during the sample period. Panel A (B) describes the experience based on practicing years (the cumulative number of in-charge audits).

As shown in Panel A, 261 (30.6 per cent) CPAs become an engagement partner for the first time in the 2001 annual audit, and 261 (30.6 per cent) CPAs have practicing experience of more than three years. It is worth noting that the yearly increase in the total number of signing auditors for the 2004 annual audit is as high as 24.9 per cent, which suggests that audit firms considerably increase the number of new auditors as engagement partners. This phenomenon is likely attributable to the de-regulation of securities business licensing in 2004 (Li and Wu, 2005).<sup>15</sup> During the sample period, the yearly proportion of engagement partners with experience exceeding three years ranges from 30.6 per cent to 43.5 per cent, that with experience exceeding four years ranges from 21.8 per cent to 33.1 per cent, and that with experience exceeding five years ranges from 13.6

<sup>14</sup> The sample period starts from the 2001 annual audit because audit fee data become publicly available since then. The sample period ends at the 2005 annual audit as this study began to handle the engagement partner data since 2006. Robustness checks show that the major findings for the current sample period apply to an earlier period, such as the 1998-2000 annual audits, if the requirement for audit fee data availability is not considered.

<sup>15</sup> Statistics show that the yearly increase in the total number of signing auditors is 18.0 per cent for the 1999 annual audit, gradually dropping to 6.9 per cent for the 2003 annual audit. On 19 May 2004, the State Council of China issued a list on which a number of items that had been subject to administrative approval were no longer required for approval. The securities business licence is one item on that list. Correspondingly, the special examination for that licence was then cancelled. This institutional change suggests that an ordinary CPA (without the special licence) can be assigned as an engagement partner for a listed client as long as the audit firm is willing to do so. Those CPAs already having the special licence can still be engagement partners depending on their will and the audit firm's overall staffing strategy.



**Table 2** Distribution of Practicing Experience of Engagement Partners for Chinese Listed Companies during 2001-2005 Annual Audits  
**Panel A: Measuring auditor experience based on practicing years**

Initial year as an engagement partner	2001		2002		2003		2004		2005	
	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent
1992	2	0.2%	3	0.3%	3	0.3%	3	0.2%	2	0.1%
1993	25	2.9%	23	2.4%	24	2.4%	21	1.7%	15	1.1%
1994	63	7.4%	61	6.4%	56	5.5%	54	4.3%	49	3.5%
1995	26	3.0%	22	2.3%	21	2.1%	22	1.7%	18	1.3%
1996	70	8.2%	70	7.4%	69	6.8%	68	5.4%	58	4.2%
1997	75	8.8%	86	9.1%	78	7.7%	72	5.7%	70	5.1%
1998	77	9.0%	77	8.1%	80	7.9%	67	5.3%	61	4.4%
1999	105	12.3%	104	11.0%	103	10.2%	91	7.2%	79	5.7%
2000	150	17.6%	142	15.0%	144	14.2%	128	10.1%	106	7.7%
2001	261	30.6%	194	20.5%	183	18.1%	163	12.9%	145	10.5%
2002			165	17.4%	125	12.3%	98	7.7%	80	5.8%
2003					127	12.5%	79	6.2%	59	4.3%
2004							399	31.5%	307	22.2%
2005									336	24.3%
Total	854	100%	947	100%	1013	100%	1265	100%	1385	100%
Yearly increase*			10.9%		7.0%		24.9%		9.5%	
Practicing years	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent
>3 years	261	30.6%	342	36.1%	434	42.8%	526	41.6%	603	43.5%
>4 years	186	21.8%	265	28.0%	331	32.7%	398	31.5%	458	33.1%
>5 years	116	13.6%	179	18.9%	251	24.8%	307	24.3%	352	25.4%

**Table 2 (Continued)**  
**Panel B: Measuring auditor experience based on the cumulative number of in-charge audits**

Cumulative number of in-charge audits	2001		2002		2003		2004		2005	
	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent	No. of auditors	Percent
[0,4]	536	62.8%	549	58.0%	494	48.8%	687	54.3%	812	58.6%
[5,9]	132	15.5%	149	15.7%	219	21.6%	226	17.9%	195	14.1%
[10,14]	81	9.5%	97	10.2%	96	9.5%	114	9.0%	133	9.6%
[15,19]	40	4.7%	56	5.9%	76	7.5%	71	5.6%	62	4.5%
[20,24]	17	2.0%	28	3.0%	36	3.6%	53	4.2%	50	3.6%
[25,29]	14	1.6%	20	2.1%	26	2.6%	28	2.2%	33	2.4%
[30,34]	6	0.7%	12	1.3%	17	1.7%	23	1.8%	25	1.8%
[35,39]	10	1.2%	9	1.0%	15	1.5%	16	1.3%	20	1.4%
[40,44]	6	0.7%	7	0.7%	7	0.7%	10	0.8%	11	0.8%
[45,49]	4	0.5%	4	0.4%	6	0.6%	10	0.8%	11	0.8%
≥50	8	0.9%	16	1.7%	21	2.1%	27	2.1%	33	2.4%
Total	854	100%	947	100%	1013	100%	1265	100%	1385	100%

\* Yearly increase = (current-year total number of auditors – prior-year total number of auditors) / prior-year total number of auditors.

per cent to 25.4 per cent. These statistics suggest that securities business licensed CPAs with senior experience are relatively scarce. Panel B shows that the yearly proportion of engagement partners with experience of less than 10 listed-client audits is above 70 per cent, ranging from 70.4 per cent to 78.3 per cent during the sample period. The number (proportion) of engagement partners with experience of at least 30 listed-client audits increases from 34 (4.0 per cent) in the 2001 annual audit to 100 (7.2 per cent) in the 2005 annual audit.

Table 3 presents the descriptive statistics of variables in Model (1) and audit fees for the full sample, the new client sub-sample, and the continuous client sub-sample, respectively. Compared with continuous clients, newly accepted clients are smaller in size, higher leveraged, with a greater proportion of receivables and inventory to total assets, more likely to suffer a loss, and more likely to receive a modified audit report. These characteristics indicate that new clients have greater financial and business risks, which is consistent with the notion that listed clients switching audit firms are generally more risky, and consistent with the expectation that audit firms assign the more experienced engagement partners to these new clients. Statistics also show that audit fees charged to new clients are significantly lower than those charged to continuous clients, which is consistent with the initial audit fee discount that has been concerned in prior studies (e.g. DeAngelo, 1981a; Simon and Francis, 1988).

For the more experienced partner among the two engagement partners, the mean (median) value of  $EXP_{max1}$  is 4.80 (5) years for new clients and 6.1 (6) years for continuous clients; the mean (median) value of  $EXP_{max2}$  is 16.88 (9) prior audits for new clients and 24.69 (19) prior audits for continuous clients. For the less experienced partner among the two engagement partners, the mean (median) value of  $EXP_{min1}$  is 1.44 (1) years for new clients and 2.4 (2) years for continuous clients; the mean (median) value of  $EXP_{min2}$  is 3.06 (1) prior audits for new clients and 5.87 (3) prior audits for continuous clients. Both the t- and Wilcoxon rank-sum tests show that the practicing experience (based on either measurement) of either engagement partner for new clients is significantly lower than that for continuous clients ( $p < 0.001$ ). Thus, the univariate tests do not support the audit firm risk management hypothesis.

Table 4 presents the correlation coefficients matrix for the main variables in Model (1). The Pearson correlation coefficient is 0.63 between  $EXP_{max1}$  and  $EXP_{max2}$ , and 0.75 between  $EXP_{min1}$  and  $EXP_{min2}$ , suggesting that the two measurements of practicing experience developed in this study (one based on practicing years and the other based on the cumulative number of in-charge audits) are highly and positively correlated. The correlation coefficient is 0.40 between  $EXP_{max1}$  and  $EXP_{min1}$ , and 0.38 between  $EXP_{max2}$  and

Table 3 Descriptive Statistics of Main Variables

	Full sample (n = 5982) Mean (Median)	NEWCLNT = 1 (n = 642) Mean (Median)	NEWCLNT = 0 (n = 5340) Mean (Median)	Test of group difference (NEWCLNT = 1 vs. 0) t-statistic (z-statistic)
<i>EXP<sub>max1</sub></i>	5.96 (6)	4.80 (5)	6.10 (6)	-10.24*** (-9.95***)
<i>EXP<sub>max2</sub></i>	23.88 (18)	16.88 (9)	24.69 (19)	-9.09*** (-13.24***)
<i>EXP<sub>min1</sub></i>	2.30 (2)	1.44 (1)	2.40 (2)	-12.00*** (-12.20***)
<i>EXP<sub>min2</sub></i>	5.56 (3)	3.06 (1)	5.87 (3)	-10.90*** (-13.30***)
<i>LTA</i>	11.90 (11.83)	11.80 (11.73)	11.91 (11.85)	-3.07*** (-3.21***)
<i>SQSUBS</i>	2.34 (2.24)	2.21 (2.24)	2.36 (2.24)	-2.57** (-2.16**)
<i>LEV</i>	0.49 (0.49)	0.52 (0.52)	0.48 (0.48)	4.26*** (4.29***)
<i>RECVINV</i>	0.30 (0.28)	0.32 (0.31)	0.29 (0.28)	3.29*** (3.39***)
<i>LOSS</i>	0.14 (0)	0.22 (0)	0.13 (0)	5.17*** (6.03***)
<i>MOD</i>	0.12 (0)	0.24 (0)	0.10 (0)	7.89*** (10.23***)
<i>AF</i>	47.90 (40)	43.60 (35)	48.42 (40)	-3.47*** (-3.79***)
<i>LAF</i>	3.70 (3.69)	3.63 (3.56)	3.71 (3.69)	-3.80*** (-3.79***)

Note: \*\*\* and \*\* indicate the 1% and 5% significance levels (two-tailed), respectively.

## Definitions of Variables:

$EXP_{max1}$  = max ( $EXP_{x1}$ ,  $EXP_{y1}$ ), where x and y are two engagement partners assigned to a listed client.

$EXP_{max2}$  = max ( $EXP_{x2}$ ,  $EXP_{y2}$ ), where x and y are two engagement partners assigned to a listed client.

$EXP_{min1}$  = min ( $EXP_{x1}$ ,  $EXP_{y1}$ ), where x and y are two engagement partners assigned to a listed client.

$EXP_{min2}$  = min ( $EXP_{x2}$ ,  $EXP_{y2}$ ), where x and y are two engagement partners assigned to a listed client.

$EXP_{it}$  = current fiscal year – the earliest fiscal year when auditor *i* becomes an engagement partner for any listed client, where *i* can be x or y.

$EXP_{i2}$  = the cumulative number of in-charge annual audits of listed clients by auditor *i* prior to the current fiscal year audit, where *i* can be x or y.

$NEWCLNT$  = 1 for a new client accepted from another audit firm, and 0 for a continuous client.

$LTA$  = the natural logarithm of total assets.

$SQSUBS$  = the square root of the number of consolidated subsidiaries.

$LEV$  = total liabilities to total assets ratio.

$RECINV$  = (receivables + inventory) / total assets.

$LOSS$  = 1 if current net income is negative, and 0 otherwise.

$MOD$  = 1 if the client is issued a modified audit report, and 0 otherwise.

$AF$  = annual audit fees (in 10 thousands).

$LAF$  = the natural logarithm of annual audit fees.

**Table 4** Pearson Correlation Coefficients Matrix (n = 5982)

	$EXP_{max1}$	$EXP_{max2}$	$EXP_{min1}$	$EXP_{min2}$	$NEWCLNT$	$LTA$	$SQSUBS$	$LEV$	$RECVINV$	$LOSS$	$MOD$
$EXP_{max1}$	1.00										
$EXP_{max2}$	0.63 <sup>a</sup>	1.00									
$EXP_{min1}$	0.40 <sup>a</sup>	0.28 <sup>a</sup>	1.00								
$EXP_{min2}$	0.30 <sup>a</sup>	0.38 <sup>a</sup>	0.75 <sup>a</sup>	1.00							
$NEWCLNT$	-0.14 <sup>a</sup>	-0.12 <sup>a</sup>	-0.14 <sup>a</sup>	-0.11 <sup>a</sup>	1.00						
$LTA$	0.12 <sup>a</sup>	0.07 <sup>a</sup>	0.04 <sup>a</sup>	0.03 <sup>b</sup>	-0.04 <sup>a</sup>	1.00					
$SQSUBS$	0.13 <sup>a</sup>	0.16 <sup>a</sup>	0.06 <sup>a</sup>	0.07 <sup>a</sup>	-0.03 <sup>a</sup>	0.28 <sup>a</sup>	1.00				
$LEV$	-0.01	0.03 <sup>b</sup>	-0.01	0.01	0.06 <sup>a</sup>	0.07 <sup>a</sup>	0.15 <sup>a</sup>	1.00			
$RECVINV$	-0.05 <sup>a</sup>	-0.02	-0.03 <sup>b</sup>	-0.01	0.04 <sup>a</sup>	-0.14 <sup>a</sup>	0.11 <sup>a</sup>	0.35 <sup>a</sup>	1.00		
$LOSS$	-0.06 <sup>a</sup>	-0.04 <sup>a</sup>	-0.04 <sup>a</sup>	-0.03 <sup>b</sup>	0.08 <sup>a</sup>	-0.21 <sup>a</sup>	-0.04 <sup>a</sup>	0.31 <sup>a</sup>	0.19 <sup>a</sup>	1.00	
$MOD$	-0.06 <sup>a</sup>	-0.03 <sup>a</sup>	-0.02 <sup>c</sup>	-0.02	0.13 <sup>a</sup>	-0.18 <sup>a</sup>	-0.03 <sup>b</sup>	0.32 <sup>a</sup>	0.18 <sup>a</sup>	0.47 <sup>a</sup>	1.00

Note: a, b, and c indicate the 1%, 5%, and 10% significance levels (two-tailed), respectively.

Definitions of Variables:

$EXP_{max1} = \max(EXP_{x1}, EXP_{y1})$ , where x and y are two engagement partners assigned to a listed client.

$EXP_{max2} = \max(EXP_{x2}, EXP_{y2})$ , where x and y are two engagement partners assigned to a listed client.

$EXP_{min1} = \min(EXP_{x1}, EXP_{y1})$ , where x and y are two engagement partners assigned to a listed client.

$EXP_{min2} = \min(EXP_{x2}, EXP_{y2})$ , where x and y are two engagement partners assigned to a listed client.

$EXP_{i1}$  = current fiscal year – the earliest fiscal year when auditor i becomes an engagement partner for any annual audit for any listed client, where i can be x or y.

$EXP_{i2}$  = the cumulative number of in-charge annual audits of listed clients by auditor i prior to the current fiscal year audit, where i can be x or y.

$NEWCLNT = 1$  for a new client accepted from another audit firm, and 0 for a continuous client.

$LTA$  = the natural logarithm of total assets.

$SQSUBS$  = the square root of the number of consolidated subsidiaries.

$LEV$  = total liabilities to total assets ratio.

$RECVINV = (\text{receivables} + \text{inventory}) / \text{total assets}$ .

$LOSS = 1$  if current net income is negative, and 0 otherwise.

$MOD = 1$  if the client is issued a modified audit report, and 0 otherwise.

$EXP_{min2}$ , suggesting that the practicing experience levels are also highly and positively correlated between the two engagement partners assigned to the same listed client. The experimental variable  $NEWCLNT$  is significantly and negatively correlated with all four experience variables ( $p < 0.01$ ), suggesting that the new clients are assigned with engagement partners with significantly lower practicing experience, which is not consistent with the audit firm risk management hypothesis. The maximum correlation coefficient is 0.47 (between  $MOD$  and  $LOSS$ ) among the independent variables in Model (1).<sup>16</sup>

## 4.2 Testing Results of H1

Table 5 presents the Poisson regression results of Model (1). For the purposes of comparison, it also presents the result of the audit pricing model for the same sample. All regressions are overall statistically significant.<sup>17</sup> As a pilot test, the regression on the audit fee model shows that the coefficient of  $NEWCLNT$  is significantly negative ( $p < 0.05$ ), which is consistent with the notion that audit fees are cut in initial audit engagements; in other words, new clients are associated with lower economic revenue.

When the dependent variable is  $EXP_{max}$ , the regression results using both measures of the practicing experience show that the coefficients of the experimental variable  $NEWCLNT$  are significantly negative ( $p < 0.01$ ). Similarly, when the dependent variable is  $EXP_{min}$ , the regression results using both measures of the experience also show that the coefficients of  $NEWCLNT$  are significantly negative ( $p < 0.01$ ). These results suggest that for the two signing auditors, whether it is for the one charged with the field work or the one charged with the review work, the more experienced auditor is less likely to be the engagement partner of a new client; in other words, the engagement partners of new clients are less experienced than those of continuous clients. The evidence in Table 5 does not support the audit firm risk management hypothesis (H1).

As to the control variables, the coefficients of the client complexity variable  $SQSUBS$  are significantly positive in all regressions, and are consistent with the direction in the audit fee model. This finding suggests that audit firms probably consider the client complexity when assigning engagement partners. In most of the regressions, the client size ( $LTA$ ) does not have a significant impact on the assignment of experienced engagement partners.

Also note that the regression results fail to find any significantly positive coefficient on any of the client risk profile variables ( $LEV$ ,  $RECVINV$ ,  $MOD$ ,  $LOSS$ ), including the

<sup>16</sup> Subsequent multicollinearity diagnoses show that the maximum variation inflation factor is 1.8 for independent variables in Models (1) to (4), suggesting that multicollinearity does not pose a serious problem to the models.

<sup>17</sup> In all subsequent regressions, all reported t- or z-statistics use standard errors corrected for clustering at the company level or corrected for White heteroskedasticity.



Table 5 Regression Results of the Engagement Partner Assignment Model and the Audit Fee Model

Dependent variable	<i>LAF</i>		<i>EXP<sub>max</sub></i>		<i>EXP<sub>min</sub></i>	
	Coefficient (t-statistic)	Based on practicing years ( <i>EXP<sub>max1</sub></i> ) Coefficient (z-statistic)	Based on cumulative number of in-charge audits ( <i>EXP<sub>max2</sub></i> ) Coefficient (z-statistic)	Based on practicing years ( <i>EXP<sub>min1</sub></i> ) Coefficient (z-statistic)	Based on cumulative number of in-charge audits ( <i>EXP<sub>min2</sub></i> ) Coefficient (z-statistic)	
Experimental variable						
<i>NEWCLNT</i>	-0.034 (-2.03**)	-0.171 (-7.14***)	-0.311 (-6.67***)	-0.454 (-8.62***)	-0.625 (-7.65***)	
Control variables						
<i>LTA</i>	0.351 (23.03***)	0.033 (2.72***)	0.005 (0.19)	0.016 (0.75)	0.013 (0.38)	
<i>SQSUBS</i>	0.082 (10.15***)	0.030 (4.21***)	0.090 (6.06***)	0.031 (2.20**)	0.073 (3.39***)	
<i>LEV</i>	0.032 (0.57)	-0.140 (-2.60***)	0.017 (0.15)	-0.002 (-0.02)	0.173 (1.14)	
<i>RECVINV</i>	-0.007 (-0.10)	-0.056 (-0.88)	-0.123 (-0.92)	0.006 (0.05)	-0.029 (-0.17)	
<i>LOSS</i>	0.007 (0.39)	-0.036 (-1.64*)	-0.067 (-1.59)	-0.079 (-1.93*)	-0.072 (-1.27)	
<i>MOD</i>	0.102 (3.88***)	0.007 (0.25)	-0.002 (-0.03)	0.049 (0.99)	0.001 (0.02)	
<i>INDUSTRY</i>	Yes	Yes	Yes	Yes	Yes	
<i>YEAR</i>	Yes	Yes	Yes	Yes	Yes	
Constant	-0.721 (-4.29***)	1.156 (8.21***)	2.672 (9.05***)	0.413 (1.61)	1.320 (3.47***)	
n	5982	5982	5982	5982	5982	
Model F (Chi-square)	64.00***	846.54***	473.53***	360.73***	208.54***	
Adj. (Pseudo) R <sup>2</sup>	0.423	0.034	0.061	0.021	0.035	

Note: \*\*\*, \*\*, and \* indicate the 1%, 5%, and 10% significance levels (two-tailed), respectively.

All reported t- or z-statistics use standard errors corrected for clustering at the company level.

The following OLS regression model is tested when the dependent variable is *LAF*:

$$LAF = b_0 + b_1NEWCLNT + b_2LTA + b_3SQSUBS + b_4LEV + b_5RECVINV + b_6LOSS + b_7MOD + b_8INDUSTRY + YEAR + \delta$$

The following Poisson regression model is tested when the dependent variable is  $EXP_{max}$  or  $EXP_{min}$ :

$$EXP = b_0 + b_1NEWCLNT + b_2LTA + b_3SQSUBS + b_4LEV + b_5RECVINV + b_6LOSS + b_7MOD + b_8INDUSTRY + YEAR + \delta,$$

where  $EXP$  can be  $EXP_{max}$ ,  $EXP_{min}$ , or  $EXP_{min2}$ .

Definitions of Variables:

*LAF* = the natural logarithm of annual audit fees.

$EXP_{max1} = \max(EXP_{x1}, EXP_{y1})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{max2} = \max(EXP_{x2}, EXP_{y2})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{min1} = \min(EXP_{x1}, EXP_{y1})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{min2} = \min(EXP_{x2}, EXP_{y2})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{i1}$  = current fiscal year – the earliest fiscal year when auditor  $i$  becomes an engagement partner for any annual audit for any listed client, where  $i$  can be  $x$  or  $y$ .

$EXP_{i2}$  = the cumulative number of in-charge annual audits of listed clients by auditor  $i$  prior to the current fiscal year audit, where  $i$  can be  $x$  or  $y$ .

*NEWCLNT* = 1 for a new client accepted from another audit firm, and 0 for a continuous client.

*LTA* = the natural logarithm of total assets.

*SQSUBS* = the square root of the number of consolidated subsidiaries.

*LEV* = total liabilities to total assets ratio.

*RECVINV* = (receivables + inventory) / total assets.

*LOSS* = 1 if current net income is negative, and 0 otherwise.

*MOD* = 1 if the client is issued a modified audit report, and 0 otherwise.

*INDUSTRY*: 11 industry dummies based on the CSRC one-digit classification (financial institution excluded), with observations in the manufacturing industry as the benchmark.

*YEAR*: four year dummies based on the sample period between 2001 and 2005, with observations for the 2001 annual audit as the benchmark.

variable that has a significantly positive coefficient in the audit fee model (i.e. *MOD*). In some regression results of Model (1), client riskiness variables such as *LEV* and *LOSS* even show significantly negative coefficients. These findings suggest that even if audit firms charge higher audit fees for client risk factors, they do not assign the more experienced engagement partners to clients with such risk profiles. On the contrary, audit firms show some aversion to such risks.

### 4.3 Testing Results of H2

In the full sample ( $n = 5982$ ), there are 2273 (38.0 per cent) observations with *BIGFIRM* = 1. Table 6 presents the testing results of *NEWCLNT*, *NEWCLNT\*BIGFIRM*, and *BIGFIRM* in Model (2).<sup>18</sup> In all regressions, the coefficients of *NEWCLNT* are significantly negative ( $p < 0.01$ ), whereas those of *NEWCLNT\*BIGFIRM* are significantly positive ( $p < 0.01$ ). The results suggest that smaller audit firms assign the less experienced engagement partners to new clients, while larger audit firms assign to new clients engagement partners with significantly more experience than smaller firms do, which supports the audit firm size effect (H2).<sup>19</sup>

Considering that the regulatory environment experienced considerable changes between 2001 and 2005,<sup>20</sup> I also conduct by-year tests of Model (2). Untabulated results show that in 20 regressions (5 years times 4 measures of dependent variables), all of the coefficients of *NEWCLNT* are negative, among which 19 are significant ( $p < 0.01$  or  $< 0.05$ ). The evidence suggests that it is common for smaller audit firms to assign the less experienced engagement partners to new clients for all years during the sample period, rather than limited in any specific year. On the other hand, the coefficients of *NEWCLNT\*BIGFIRM* are not significantly different from 0 in four regressions in year 2001, but are positive in all the 16 regressions for the years between 2002 and 2005 (among which 11 are significant). The evidence suggests that the results shown in Table 6 are driven by a period (i.e. since 2002) in which the CICPA clearly emphasised the regulation of audit firm switching, while prior to 2002 there is no significant difference in the assignment of experienced engagement partners between larger and smaller audit firms.

<sup>18</sup> Table 6 does not report the regression results of the control variables in Model (2), as they are very similar to those reported in Table 5. Similarly, Table 7 does not report the results of the control variables in Models (3) and (4).

<sup>19</sup> Note that the results shown in Table 6 are obtained by controlling for the audit firm size (*BIGFIRM*), suggesting that the main findings of this study are not affected by any systematic difference in the practicing experience of signing auditors between larger and smaller audit firms.

<sup>20</sup> Specifically, the CICPA began to intensify the regulation of audit firm switching in 2002 (Li and Wu, 2002b), and the State Council of China cancelled the requirement for the auditor's licence to practise securities business.

**Table 6** Regression Results of Engagement Partner Assignment Model: The Audit Firm Size Effect

Dependent variable	<i>EXP<sub>max</sub></i>		<i>EXP<sub>min</sub></i>	
	Based on practicing years ( <i>EXP<sub>max1</sub></i> ) Coefficient (z-statistic)	Based on cumulative number of in-charge audits ( <i>EXP<sub>max2</sub></i> ) Coefficient (z-statistic)	Based on practicing years ( <i>EXP<sub>min1</sub></i> ) Coefficient (z-statistic)	Based on cumulative number of in-charge audits ( <i>EXP<sub>min2</sub></i> ) Coefficient (z-statistic)
<i>NEWCLNT</i> ( <i>b</i> <sub>1</sub> )	-0.224 (-7.06***)	-0.564 (-9.49***)	-0.619 (-8.96***)	-0.854 (-8.10***)
<i>NEWCLNT</i> * <i>BIGFIRM</i> ( <i>b</i> <sub>2</sub> )	0.134 (2.81***)	0.479 (5.76***)	0.422 (4.06***)	0.499 (3.27***)
<i>BIGFIRM</i>	0.024 (1.27)	0.421 (12.24***)	-0.157 (-4.73***)	0.093 (1.87*)
Joint coefficient test <i>b</i> <sub>1</sub> + <i>b</i> <sub>2</sub> (Chi-square)	-0.090 (6.43**)	-0.085 (2.07)	-0.197 (6.25**)	-0.355 (9.31***)
N	5982	5982	5982	5982

Note: \*\*\*, \*\*, and \* indicate the 1%, 5%, and 10% significance levels (two-tailed), respectively. All reported z-statistics use standard errors corrected for clustering at the company level.

The following Poisson regression model is tested:

$$EXP = b_0 + b_1NEWCLNT + b_2NEWCLNT*BIGFIRM + b_3BIGFIRM + b_4LTA + b_5SQSUBS + b_6LEV + b_7RECVINV + b_8LOSS + b_9MOD + b_{10}INDUSTRY + YEAR + \delta,$$

where *EXP* can be *EXP<sub>max1</sub>*, *EXP<sub>max2</sub>*, *EXP<sub>min1</sub>*, or *EXP<sub>min2</sub>*.

Definitions of Variables:

*EXP<sub>max1</sub>* = max (*EXP<sub>x1p</sub>*, *EXP<sub>y1s</sub>*), where x and y are two engagement partners assigned to a listed client.

*EXP<sub>max2</sub>* = max (*EXP<sub>x2p</sub>*, *EXP<sub>y2s</sub>*), where x and y are two engagement partners assigned to a listed client.

*EXP<sub>min1</sub>* = min (*EXP<sub>x1p</sub>*, *EXP<sub>y1s</sub>*), where x and y are two engagement partners assigned to a listed client.

*EXP<sub>min2</sub>* = min (*EXP<sub>x2p</sub>*, *EXP<sub>y2s</sub>*), where x and y are two engagement partners assigned to a listed client.

*EXP<sub>i</sub>* = current fiscal year – the earliest fiscal year when auditor *i* becomes an engagement partner for any annual audit for any listed client, where *i* can be x or y.

*EXP<sub>i2</sub>* = the cumulative number of in-charge annual audits of listed clients by auditor *i* prior to the current fiscal year audit, where *i* can be x or y.

*NEWCLNT* = 1 for a new client accepted from another audit firm, and 0 for a continuous client.

*BIGFIRM* = 1 for the larger audit firms, including the Big Four (i.e. PricewaterhouseCoopers, KPMG, Ernst & Young, and Deloitte) and top-10 local firms (based on the yearly number of listed clients), and 0 otherwise.

Other variables are as defined in Table 5.

This table does not report the regression results of control variables, as they are very similar to those reported in Table 5.

Table 6 also presents the results of testing the joint coefficient ( $b_1+b_2$ ) of  $NEWCLNT + NEWCLNT*BIGFIRM$ . All of the four joint coefficients are negative, and three are significant. The evidence suggests that, even for larger audit firms, the engagement partners assigned to new clients are significantly less experienced than those assigned to continuous clients. Untabulated results of by-year tests show that this finding is mainly driven by the 2001 annual audit, because all of the four regressions for 2001 show significantly negative joint coefficients, while the 16 regressions between 2002 and 2005 show only one significantly negative joint coefficient, 14 joint coefficients that are not significantly different from 0, and one significantly positive joint coefficient. In general, larger audit firms have not assigned the less experienced engagement partners to new clients since the CICPA reinforced the regulation of audit firm switching in 2002.

As the number of listed clients audited by Big Four firms is relatively small (413 among the full sample of 5982 observations), and the number of new clients of Big Four firms is even smaller ( $n = 41$ ), I combine the Big Four observations with those audited by top-10 local firms as one single group ( $BIGFIRM = 1$ ) in previous tests. However, re-running Model (2) by setting two separate dummy variables,  $BIG4$  and  $BIGLOCAL$  (untabulated), shows that both coefficients of the interaction items between  $NEWCLNT$  and these two variables are significantly positive, and the coefficient of  $NEWCLNT*BIG4$  is significantly greater than that of  $NEWCLNT*BIGLOCAL$  ( $p = 0.011$ ). Therefore, H2 is still supported.<sup>21</sup>

In sum, larger audit firms tend to assign the more experienced engagement partners to new clients than smaller audit firms do, and this effect mainly exists in a period when the professional body intensifies the regulation. The evidence is consistent with DeAngelo (1981b) that larger audit firms face a greater loss of quasi-rents when the regulatory risk increases, and therefore have more incentives to enhance the level of engagement quality control. In contrast, smaller audit firms are less sensitive to an increase in regulatory risk. In any event, the increase in regulatory risk does not lead the risk management of larger audit firms to an extent to which the more experienced engagement partners are assigned to new clients.

#### 4.4 Testing Results of H3 and H4

Of the 642 audit firm switches in the full sample, 168 switches are associated with a prior-year modified audit report ( $NEWCLNT_{premod} = 1$ ), whereas the other 474 cases are associated with a prior-year clean audit report ( $NEWCLNT_{preclean} = 1$ ).

Panel A of Table 7 presents the regression results of  $NEWCLNT_{premod}$  and  $NEWCLNT_{preclean}$  in Model (3). To perform the pilot test, I examine the audit pricing

<sup>21</sup> By-year analyses do not include the Big Four observations due to the very small subgroup size. For top-10 local firms, by-year tests generate qualitatively similar results as those obtained when combining Big Four firms and large local firms, suggesting that the audit firm size effect holds for top local audit firms as well. Besides, the main findings and inferences do not substantially change when  $BIGLOCAL$  is defined as top-10 local firms ranked on the basis of yearly client assets.



Note: \*\*\*, and \* indicate the 1%, 5%, and 10% significance levels (two-tailed), respectively. All reported t- or z-statistics use standard errors corrected for clustering at the company level.

Model (3):

$$EXP = b_0 + b_1 NEWCLNT_{premod} + b_2 NEWCLNT_{preclean} + b_3 LTA + b_4 SOSUBS + b_5 LEV + b_6 RECVINV + b_7 LOSS + b_8 MOD + INDUSTRY + YEAR + \delta$$

Model (4):

$$EXP = b_0 + b_1 NEWCLNT_{premod} + b_2 NEWCLNT_{premod} * BIGFIRM + b_3 NEWCLNT_{preclean} + b_4 NEWCLNT_{preclean} * BIGFIRM + b_5 BIGFIRM + b_6 LTA + b_7 SOSUBS + b_8 LEV + b_9 RECVINV + b_{10} LOSS + b_{11} MOD + INDUSTRY + YEAR + \delta,$$

where  $EXP$  can be  $EXP_{max1}$ ,  $EXP_{max2}$ ,  $EXP_{min1}$ , or  $EXP_{min2}$ .

Definitions of Variables:

$LAF$  = the natural logarithm of annual audit fees.

$EXP_{max1} = \max(EXP_{x1}, EXP_{y1})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{max2} = \max(EXP_{x2}, EXP_{y2})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{min1} = \min(EXP_{x1}, EXP_{y1})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{min2} = \min(EXP_{x2}, EXP_{y2})$ , where  $x$  and  $y$  are two engagement partners assigned to a listed client.

$EXP_{-1}$  = current fiscal year – the earliest fiscal year when auditor  $i$  becomes an engagement partner for any listed client, where  $i$  can be  $x$  or  $y$ .

$EXP_{-2}$  = the cumulative number of in-charge annual audits of listed clients by auditor  $i$  prior to the current fiscal year audit, where  $i$  can be  $x$  or  $y$ .

$NEWCLNT_{premod} = 1$  for a new client that has received a modified audit report prior to the audit firm switching, and 0 otherwise.

$NEWCLNT_{preclean} = 1$  for a new client that has received a clean audit report prior to the audit firm switching, and 0 otherwise.

$BIGFIRM = 1$  for the larger audit firms, including the Big Four (i.e. PricewaterhouseCoopers, KPMG, Ernst & Young, and Deloitte) and top-10 local firms (based on the yearly number of listed clients), and 0 otherwise.

Other variables are as defined in Table 5.

This table does not report the regression results of control variables, as they are very similar to those reported in Table 5.



associated with various levels of initial audit risk. The results show that the coefficient of  $NEWCLNT_{premod}$  is significantly positive ( $p = 0.01$ ), while that of  $NEWCLNT_{preclean}$  is significantly negative ( $p < 0.01$ ). This suggests that audit firms charge higher fees to new clients that have received a modified audit opinion prior to the switch (and therefore are more risky), and charge less fees to new clients that have received a clean audit opinion prior to the switch (and therefore are less risky).

For the engagement partner assignment model, Panel A of Table 7 shows that, in all regressions, the coefficients of  $NEWCLNT_{preclean}$  are significantly negative, suggesting that new clients which have received a prior-year clean audit opinion are assigned with the less experienced engagement partners. Given the audit pricing characteristic of such clients, the finding may be explained from an economic perspective; that is, lower audit revenues are matched with a lower audit input level. More interestingly, the coefficients of  $NEWCLNT_{premod}$  are also significantly negative, and untabulated Chi-square tests show that the coefficients of  $NEWCLNT_{premod}$  are not significantly different from those of  $NEWCLNT_{preclean}$ . This unexpected finding indicates that even if audit firms charge higher audit fees to new clients with higher risks, they still assign the less experienced engagement partners to such clients. The finding is neither consistent with the audit firm risk management hypothesis, nor can be readily explained from the economic revenue-input matching perspective. I tend to interpret the finding as an aversion by the engagement partners to more risky new clients.

Panel B of Table 7 further considers the audit firm size effect. In the audit pricing model, the coefficient of  $NEWCLNT_{premod}$  is significantly positive, which suggests that smaller audit firms charge higher fees to new clients that have received a modified audit opinion prior to the switch (and therefore are more risky). In all regressions of the engagement partner assignment model, the coefficients of  $NEWCLNT_{premod}$  are significantly negative, suggesting that smaller audit firms assign the less experienced engagement partners to such clients; all of the coefficients of  $NEWCLNT_{premod} * BIGFIRM$  are significantly positive, which suggests that larger audit firms are more inclined to assign the more experienced engagement partners to new clients with higher risks when compared with smaller audit firms. Therefore, the audit firm size effect (H4) is supported. However, untabulated results of the Chi-square tests show that in four regressions, the joint coefficients of  $NEWCLNT_{premod} + NEWCLNT_{premod} * BIGFIRM$  are negative (one of which is significant), which does not support H3.

## 4.5 Additional Robustness Checks

### 4.5.1 Excluding observations where an audit firm does not accept any new clients

In previous tests, the control sample of new clients consists of all continuous-client observations. However, some audit firms may not accept any client switching from

another audit firm in a certain year or even during the whole sample period. All the clients of such audit firms consist of continuous clients (without any new client). These audit firms may be systematically different from audit firms that accept one or more new clients with regard to the client risk management, composition of auditor experience, and engagement partner assignment decision. To mitigate the impact of these potential differences on previous findings, I exclude all observations where an audit firm does not accept any new client.<sup>22</sup> The new sample consists of observations where each audit firm has both continuous clients and at least one new client switching from another audit firm. The size of the new sample decreases to 4111 observations from the original size of 5982 observations. Untabulated results show that the major findings and inferences remain qualitatively unchanged.

#### 4.5.2 Differentiating the forced audit firm switching from the voluntary switching

New clients of an audit firm may come from switchings of a different nature (forced vs. voluntary). Forced audit firm switching can be further partitioned into two types based on whether the predecessor firm continues running: one type is that the predecessor firm ceases to exist due to regulatory sanction (Li and Wu, 2003) or business liquidation, which is set as  $NEWCLNT_{close} = 1$  ( $n = 182$ ); the other type is that the State-owned Assets Supervision and Administration Commission of the State Council of China (SASAC) mandatorily rotates or assigns new audit firms during the sample period (Qi, 2008), which is set as  $NEWCLNT_{design} = 1$  ( $n = 28$ ). All audit firm changes other than these two types of forced changes are classified as the voluntary type, which is set as  $NEWCLNT_{volun} = 1$  ( $n = 432$ ). To examine whether previous main findings are driven by any specific type of audit firm switching, I extend the single experimental variable  $NEWCLNT$  in Model (1) into three dummy variables, namely  $NEWCLNT_{volun}$ ,  $NEWCLNT_{close}$ , and  $NEWCLNT_{design}$ . Untabulated results show that, either for the original full sample ( $n = 5982$ ) or for the newly formed full sample ( $n = 4111$ ; see Section 4.5.1), all of the three new-client dummy variables are significantly and negatively correlated with the dependent variable  $EXP$  using any of the four measures ( $p < 0.01$  or  $< 0.05$ ). These tests suggest that the major findings in Table 5 are not driven by any specific nature of audit firm switching.<sup>23</sup>

<sup>22</sup> I appreciate the editor for suggesting this robustness check.

<sup>23</sup> Note that for the mandatory audit firm rotation advocated by the SASAC, the successor audit firms assign the less experienced engagement partners to new clients than to continuous clients. This finding implies that the lack of understanding in the initial audits of large state-owned enterprises (prompted by the SASAC policy on mandatory audit firm rotation) might be exacerbated due to the lower level of practicing experience. However, I understand that this finding is preliminary given the small size of the mandatory audit firm rotation subsample and warrant additional studies.

As there are fewer observations of the two types of forced audit firm switching, and the distribution of these observations are unbalanced across the years or between larger and smaller audit firms (in particular, there are 160 forced changes due to regulatory sanction in 2001), I do not re-run the tests of audit firm size effect, by-year tests, or tests of more risky new clients for the variables  $NEWCLNT_{close}$  and  $NEWCLNT_{desig}$ . After excluding the two types of forced audit firm switches from the full sample, I re-run Models (2) to (4) for voluntary audit firm switching. Untabulated results show that all main findings and inferences hold for voluntary changes.

#### 4.5.3 Using the average practicing experience of two partners as the dependent variable

Previous tests examine the engagement partner assignment model based on the respective practicing experience of the two engagement partners. One would argue that these two partners do not totally independently conduct the audit for the same client; rather, they share their experience and normally undertake the same legal liability. Therefore, an audit firm may assign engagement partners based on the averaged level of their experience.<sup>24</sup> To address this concern, I examine the association between new clients and the averaged level of experience ( $EXP_{avg} = (EXP_{max} + EXP_{min})/2$ ). Untabulated results show that all major findings and inferences obtained through previous tests hold when using the alternative specification of the dependent variable.

## V. Discussion and Conclusion

The audit firm risk management hypothesis predicts that a firm assigns the more experienced engagement partners to new clients due to a higher demand for auditor capabilities and competence and engagement quality control. Based on the empirical evidence from Chinese stock markets, I find that (1) smaller audit firms assign the less experienced engagement partners to new clients than to continuous clients; (2) although larger audit firms have tended to assign the more experienced engagement partners to new clients than have smaller audit firms since 2002 when the professional body reinforced the regulation of audit firm changes, I find no evidence that the engagement partners of new clients of larger firms are obviously more experienced than those of continuous clients; and (3) the above findings hold even for more risky new clients (measured by the type

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<sup>24</sup> I appreciate one reviewer for raising this argument and suggesting related tests.

of audit opinion before the audit firm switch). Collectively, although the audit firm size effect is generally supported (H2 and H4), the empirical findings of this study do not support the audit firm risk management hypothesis (H1 and H3) and are not consistent with the traditional concept of audit firm quality control and regulatory requirement.

How to explain the above anomaly? A number of possible interpretations are offered. First, economic interests may be the cause. On the one hand, an audit firm may offer an audit fee discount to a newly accepted client (DeAngelo, 1981a); evidence from Table 5 also shows that new clients are associated with lower economic revenues. On the other hand, engagement partners often need to invest greater audit efforts and costs to new clients. Therefore, the practice of assigning the less experienced engagement partners to new clients may imply that audit firms allocate audit resources more on the basis of costs and benefits (Maister, 1993; Johnstone, 2000) than on the basis of quality control and public responsibility.

Another explanation may be the risk aversion on the part of the engagement partner. Since newly accepted clients have greater engagement risks and uncertainties, a more experienced auditor may be less willing to act as an engagement partner for such clients. Meanwhile, new clients are more susceptible to regulatory scrutiny. An auditor that is the engagement partner for such new clients is more likely to be the target of regulators as well. Evidence shown in Table 7 is consistent with the risk aversion explanation. That is, although audit firms charge higher audit fees to new clients that have received a modified audit report prior to the switch, they assign the less experienced engagement partners to such new clients.

There could be other explanations.<sup>25</sup> For example, audit firms may assign engagement partners to new clients simply according to the current workload of various auditors. As the less experienced auditors are often associated with less workload, they are more likely to be assigned to newly accepted clients. Alternatively, audit firms may assign engagement partners to new clients simply based on who is the referral partner of the new client.<sup>26</sup>

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<sup>25</sup> I appreciate one reviewer for raising alternative explanations.

<sup>26</sup> The “referral partner” explanation has to satisfy strict assumptions. First, the one who makes the client acceptance decision (a referral partner) should be the one who signs the audit report (an engagement partner). Second, most of the new clients should be accepted by the less experienced auditors. If the first assumption is violated, the characteristics of the referral partner (particularly in the experience aspect) will have little to do with those of the engagement partners. If the second assumption does not hold (e.g. most of the new clients are accepted by the more experienced auditors), the findings of this study will reinforce the risk aversion interpretation on the part of the more experienced auditors.

No matter which interpretation applies to the anomaly, a common point of these interpretations is that the audit firm fails to assign engagement partners on the basis of the generally accepted quality control standards. However, it warrants further studies as to which interpretation (e.g. an auditor's intentional aversion to client risks vs. an audit firm's procedural and unintentional arrangement) is more valid for a certain group of audit firms or for a specific practical situation.

Further studies are also warranted regarding whether the assignment of the less experienced engagement partners to new clients systematically leads to lower audit quality of such clients, and whether audit firms have alternative quality control practices to maintain the audit quality for such clients.<sup>27</sup> Nevertheless, even if the answers to these questions remain unclear, the findings of this study should have implications for Chinese professional bodies and regulators. Specifically, smaller audit firms that assign the less experienced engagement partners to new clients may warrant a greater level of regulatory scrutiny.

For larger audit firms, I fail to find evidence that clearly supports the audit firm risk management hypothesis. Larger audit firms may need to improve quality control practices and consider assigning the more experienced engagement partners to new clients. However, assigning auditors with a higher level of practicing experience may not necessarily ensure a better audit quality, because auditor independence issues may arise as an equally important determinant of audit quality when the auditor competence reaches an acceptable level.

Finally, although I use two approaches to measure the practicing experience of engagement partners, I am aware that there is always difficulty in how to precisely measure this unobservable and subjective variable. Researchers may wish to design more refined measures of the auditor experience in further studies.

## References

Please refer to pp. 27-28.

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<sup>27</sup> The alternative quality control practices may include requiring other members of the engagement team to more strictly carry out the audit procedures and obtain audit evidence, or establishing an effective quality control review apart from the review taken by the engagement team. However, as evidence in this study shows, the practice of assigning the less experienced engagement partners to new clients is concentrated in smaller audit firms, which are less likely to take alternative quality control measures to maintain the audit quality of new clients.