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Linking Enterprise Risk Management Maturity Levels and Financial Reporting Quality: A Systematic Literature Review

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ABSTRACT: This study aims to examine the relationship between Enterprise Risk Management (ERM) maturity and financial reporting quality through a Systematic Literature Review (SLR) approach. Using the PRISMA guidelines, 25 scientific articles published between 2010 and 2025 were analyzed thematically based on the COSO ERM Framework and the ERM Maturity Model. The analysis results indicate that a majority of the studies find a positive relationship between ERM maturity and financial reporting quality. Organizations with a higher level of ERM maturity tend to produce financial reports that are more reliable, transparent, and relevant. Factors such as internal audit effectiveness, corporate governance, and risk culture further strengthen this relationship. This study contributes by integrating the concepts of risk management and accounting, affirming that ERM maturity is a significant determinant of financial reporting quality. The research also underscores the importance of developing ERM maturity evaluation models and adopting digital financial reporting technologies to enhance organizational transparency and accountability.

KEYWORDS: Enterprise Risk Management, ERM Maturity, Financial Reporting Quality, COSO ERM Framework, Systematic Literature Review.

1. INTRODUCTION

In the past decade, Enterprise Risk Management (ERM) practices have become a primary focus in corporate governance due to their ability to enhance organizational decision-making and accountability (Farrell & Gallagher, 2015). As a comprehensive approach to risk management, ERM plays a crucial role in ensuring that strategic, operational, and financial risks are managed in an integrated manner. Although many studies highlight the benefits of ERM implementation on corporate performance (Lundqvist, 2015; Beasley et al., 2021), research on how the maturity level of ERM affects financial reporting quality remains limited. ERM maturity describes the extent to which risk management processes have been integrated into organizational culture, decision-making systems, and internal controls (Arena et al., 2010). In this context, organizations with mature ERM are believed to be capable of producing more reliable, transparent, and relevant financial information due to better coordination between risk functions and financial reporting (Florio & Leoni, 2017). However, empirical evidence regarding this relationship is inconsistent, and most studies focus only on ERM adoption without considering its maturity level (Zhao et al., 2013). Therefore, this study is important to systematically review existing literature in order to understand the extent to which ERM maturity contributes to the improvement of financial reporting quality.

Furthermore, the Committee of Sponsoring Organizations of the Treadway Commission (COSO), through its Enterprise Risk Management—Integrating with Strategy and Performance framework (2017), emphasizes the importance of integrating strategy, risk management, and reporting. This framework asserts that financial reporting quality depends not only on internal control systems but also on the organization's ability to identify, assess, and respond to risks that could affect the reliability of financial statements. In this context, ERM maturity models, such as those developed by ISO 31000 and Kaplan (2009), serve as diagnostic tools to assess the extent to which risk management processes have been effectively implemented. Previous research by Baxter et al. (2013) found that organizations with high levels of ERM maturity have stronger internal audit processes and produce financial reports with lower error rates. However, other studies, such as Tahir and Razali (2018), indicate that this relationship can be moderated by factors such as organizational culture and regulatory pressure. Therefore, a comprehensive understanding of the relationship between ERM maturity and financial reporting quality needs to be conducted systematically, considering the context, methodology, and maturity models used in various studies.

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The importance of this research is also driven by increasing demands for transparency and accountability in both the public and private sectors, especially after the 2008 global financial crisis, which highlighted the importance of effective risk management (McShane, 2018). Many companies have adopted ERM, yet not all achieve the same level of maturity; some only use it as a compliance tool without a tangible impact on the quality of financial information (Arena et al., 2010). Consequently, this study aims to conduct a systematic literature review on the relationship between the level of ERM maturity and financial reporting quality to identify empirical patterns, research gaps, and future directions for this topic. Theoretically, this research contributes to the development of literature linking corporate governance theory and risk-based accounting theory, as well as expanding the understanding of the role of ERM maturity in enhancing more transparent and reliable financial reporting quality.

Based on the above background, the research questions in this study are as follows:

1. What is the relationship between the level of ERM maturity and financial reporting quality based on existing empirical evidence?
2. What factors influence the relationship between ERM maturity and financial reporting quality?
3. What conceptual model can be developed to explain the interconnection between the two based on systematic findings from the literature?

By answering these questions, this research is expected to provide theoretical and practical contributions to support the design of more effective ERM systems to strengthen the credibility of financial reports.

2. LITERATURE REVIEW

2.1. THEORETICAL FOUNDATION

The concept of Enterprise Risk Management (ERM) is a strategic framework designed to help organizations identify, assess, and manage risks that can affect the achievement of business objectives. According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO, 2017), ERM is defined as a process applied by the board of directors, management, and all employees to provide reasonable assurance regarding the achievement of organizational objectives. ERM does not only focus on internal control but also on the integration of risk into strategy and decision-making processes. In the context of this research, ERM is viewed as an independent variable that plays a role in enhancing financial reporting quality, as the effectiveness of risk management can reduce uncertainty in reporting and improve the reliability of financial information.

The maturity level in ERM indicates the extent to which risk management practices have been implemented and integrated across all organizational functions. The ERM Maturity Model was developed to measure the evolution of risk management implementation from the initial stage (reactive) to the strategic stage (proactive and integrated). According to Beasley et al. (2015), organizations that have achieved a high level of ERM maturity demonstrate better coordination between strategy, governance, and risk reporting. Thus, ERM maturity serves as a crucial determinant in improving the effectiveness of financial reporting through stronger internal control mechanisms and measurable risk management.

Financial reporting quality (FRQ) reflects the extent to which financial statements reliably, relevantly, and verifiably represent the economic condition of a company. Barth et al. (2008) explain that high-quality reporting facilitates better decision-making for investors and stakeholders. Within the framework of this research, FRQ is the dependent variable, which is expected to improve alongside ERM maturity. With mature ERM, companies can suppress accounting manipulation practices (earnings management), reduce misstatements in reports, and enhance accountability to stakeholders.

Research by Kurniawan et al. (2025) strengthens the conceptual link between ERM disclosure and financial performance outcomes. In the context of non-financial companies in Indonesia, they found that ERM disclosure has a positive effect on firm value, both directly and through profitability as a mediating variable. This finding indicates that improvements in risk management maturity and transparency impact investor perception and enhance the quality of the financial information produced. Therefore, this study is relevant in expanding the perspective on the relationship between ERM maturity and financial reporting quality in a developing country context.

The relationship between ERM maturity and FRQ can be explained through agency theory and signaling theory. Agency Theory (Jensen & Meckling, 1976) emphasizes the conflict of interest between management and owners, which can be minimized through the implementation of good governance and risk controls. Meanwhile, Signaling Theory (Spence, 1973) explains that companies with mature ERM systems send positive signals to the market about their commitment to transparency and accountability. Thus, ERM maturity plays a dual role as an internal control tool and as an external communication mechanism regarding the credibility of the company's financial reports.

2.2. CONCEPTUAL FRAMEWORK

The main problem in this research is the low quality of financial reporting, which is still often influenced by manipulation practices, disclosure errors, and weak risk control systems. To address this, ERM is identified as a strategic approach capable of improving reporting reliability by strengthening internal control mechanisms and risk oversight. However, the effectiveness of ERM is highly dependent on its maturity level; ERM that is still in its early stages may not necessarily lead to a significant improvement in reporting quality.

The COSO ERM Framework theory provides a conceptual basis that ERM maturity will encourage organizations to identify risks comprehensively and integrate them into the reporting process. Based on agency and signaling theories, ERM maturity helps reduce information asymmetry between management and shareholders and strengthens the credibility of reporting in the eyes of the market. Therefore, the relationship between ERM maturity and financial reporting quality is assumed to be positive and significant.

Based on the findings of Kurniawan et al. (2025), profitability acts as a transmission mechanism between the implementation of ERM and financial reporting quality outcomes. Thus, the integration of financial and reporting dimensions creates a more comprehensive approach to measuring ERM maturity.

Findings from previous research (Farrell & Gallagher, 2015; Zhao et al., 2013; Florio & Leoni, 2017; Baxter et al., 2013; Lundqvist, 2015) support that effective risk management can enhance the transparency and accuracy of financial reports. However, no study has comprehensively reviewed this relationship from the perspective of ERM maturity using a systematic approach. Therefore, this research adopts a systematic literature review to consolidate empirical results and identify consistent relationship patterns.

Referring to previous theories and findings, the conceptual framework of this research illustrates that an increase in the level of ERM maturity has a positive effect on financial reporting quality through improvements in internal control systems, enhanced governance, and reduced information risk. This relationship is conceptually tested within a systematic framework that integrates the COSO ERM Framework theory with the ERM Maturity Model.

3. METHOD

This research uses a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize empirical findings regarding the relationship between the maturity level of Enterprise Risk Management (ERM) and financial reporting quality. The research design follows the guidelines from the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA), which emphasize transparency and replication in the literature review process.

The research sample or subjects consist of scientific articles published in reputable international journals indexed by Scopus, Web of Science, and academic databases such as Emerald Insight, ScienceDirect, and SpringerLink. The inclusion criteria include:

1. Articles published between 2010 and 2025;
2. Discuss topics of ERM, ERM maturity, or financial reporting quality;
3. Available in English; and
4. Use empirical or conceptual approaches.

Articles that are irrelevant, not fully available, or are only conference proceedings without a peer-review process are excluded from the analysis.

The research instrument used is a data extraction form developed to record the main characteristics of each study, including the year of publication, country, research method, theories used (e.g., COSO ERM Framework, ISO 31000, or ERM Maturity Model), as well as the main results related to financial reporting quality. Each article is evaluated based on methodological quality using the Quality Assessment Checklist from Kitchenham and Charters (2007), which includes aspects of clarity of purpose, internal validity, and generalizability of findings.

The data collection procedure is carried out in three main stages:

1. Identification—searching for keywords "ERM maturity," "financial reporting quality," and "COSO framework";
2. Screening – removal of duplicates and selection based on abstracts;
3. Eligibility and Inclusion—feasibility assessment based on the full text.

The analysis method uses content analysis and thematic synthesis techniques. Data is coded to identify patterns in the relationship between ERM maturity and financial reporting quality, as well as potential mediating or moderating variables influencing this relationship. Furthermore, the synthesis results are presented in the form of thematic tables and conceptual maps to facilitate future research replication.

Validation is performed through theory triangulation and cross-comparison between literature sources to ensure argument consistency.

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4. RESULTS

The results of this systematic literature review are presented based on an analysis of 25 scientific articles that met the inclusion criteria, from a total of 168 identified articles. These articles were published between 2010 and 2025 and cover contexts in both developed and developing countries, focusing on the relationship between Enterprise Risk Management (ERM) maturity and financial reporting quality (FRQ). The analysis was conducted thematically to highlight general characteristics, methodological trends, and key empirical findings emerging from the literature.

4.1. GENERAL STUDY CHARACTERISTICS

Of the 25 studies, 60% used quantitative methods with regression analysis or structural equation modeling (SEM), while 32% used qualitative approaches based on case studies, and 8% used mixed-methods approaches. Most studies (72%) were conducted in the public corporate sector, particularly in the financial, banking, and energy industries. The countries with the highest contributions to this research were the United States, Malaysia, Italy, and Sweden, with more recent research developing in Indonesia, Iran, and China (Hashemi et al., 2025; Lidong et al., 2025).

The following table summarizes the general characteristics:

Table 2. General Study Characteristics

Aspect	Key Findings
Publication Year Range	2010–2025
Number of Selected Articles	25 studies
Research Methods	Regression (12), SEM (3), Case Study (8), Mixed Methods (2)
Dominant Sectors	Banking, Finance, Energy, and Manufacturing
Dominant Theoretical Frameworks	COSO ERM (2017), ERM Maturity Model (Zhao et al., 2013), Agency Theory, and Resource-Based View
Main Dependent Variable	Financial Reporting Quality (Accurate, Relevant, Reliable, Timely)
Moderator/Mediator Variables	Corporate Governance, Organizational Culture, Firm Size, Internal Audit Effectiveness

4.2. KEY EMPIRICAL FINDINGS

The synthesis results show that 19 out of 25 studies found a positive relationship between the level of ERM maturity and financial reporting quality, while 4 studies reported an insignificant relationship, and 2 studies found a relationship dependent on the regulatory context.

Farrell and Gallagher (2015) and Baxter et al. (2013) showed that companies with mature ERM tend to have lower financial reporting errors and higher report reliability. Conversely, research by Tahir and Razali (2018) in Malaysia found that this positive relationship weakens when regulatory pressure is high but risk culture is low. Florio and Leoni (2017) found that the integration of strategic and operational risks within the COSO ERM framework strengthens the clarity of financial information in Italian companies.

More recent research by Al Hasoon et al. (2025) and Lidong et al. (2025) expands the context by using fuzzy-set Qualitative Comparative Analysis (fsQCA) to show that ERM maturity interacts with corporate governance and the capability for digitalization of financial reporting. Their results indicate that companies with strong governance and mature ERM produce more transparent financial reports and have lower levels of accrual manipulation.

4.3. THEMATIC ANALYSIS BASED ON KEY VARIABLES

The thematic analysis identified four main categories:

1. Integration of ERM in Accounting Systems
   Studies such as Beasley et al. (2021) and Zhao et al. (2013) show that ERM maturity improves coordination between accounting and audit departments, which directly impacts the quality of reported information.
2. Internal Audit Performance and Internal Control
   Baxter et al. (2013) and McShane (2018) reported that ERM maturity strengthens the effectiveness of internal audit, improves error detection, and reduces the risk of inappropriate reporting.
3. Influence of Regulatory Context and Culture
   Florio & Leoni (2017) and Tahir & Razali (2018) highlight that the ERM-FRQ relationship can be strengthened by a strict legal environment and an organizational culture open to risk management.
4. Digitalization and Real-Time Financial Reporting

New studies (Lidong et al., 2025) reveal that ERM maturity is now linked to digital readiness, where analytical technology and real-time reporting accelerate the reporting process and improve the accuracy of financial data.

4.4. SUMMARY OF QUANTITATIVE RESULTS

The following is a summary of quantitative results:

Table 3. Summary of Quantitative Results

Author & Year	Method	Country Context	Key Findings
Farrell & Gallagher (2015)	Panel Regression	USA	ERM maturity increases firm value and accuracy of financial reports
Baxter et al. (2013)	SEM	USA	ERM strengthens internal audit function and reduces reporting errors
Florio & Leoni (2017)	Regression	Italy	ERM integration improves reliability and timeliness of reports
Tahir & Razali (2018)	Quantitative	Malaysia	Positive relationship but moderated by regulation and risk culture
Lundqvist (2015)	Case Study	Sweden	ERM maturity plays a key role in strategic and non-financial reporting
McShane (2018)	Conceptual Review	Global	ERM maturity is an indicator of good reporting performance
Beasley et al. (2021)	ERM maturity Survey	Global	Level of ERM maturity is proportional to the quality of risk information
Al Hasoon et al. (2025)	fsQCA	Iran	Combination of ERM maturity & corporate governance increases reporting transparency
Lidong et al. (2025)	fsQCA & SEM	China	ERM maturity and digitalization improve the speed and accuracy of financial reporting

4.5. TEMPORAL AND GEOGRAPHICAL TRENDS

Temporally, research trends increased significantly after 2015, coinciding with the introduction of the COSO ERM 2017 Framework. The following chart illustrates the distribution of the number of studies per year:

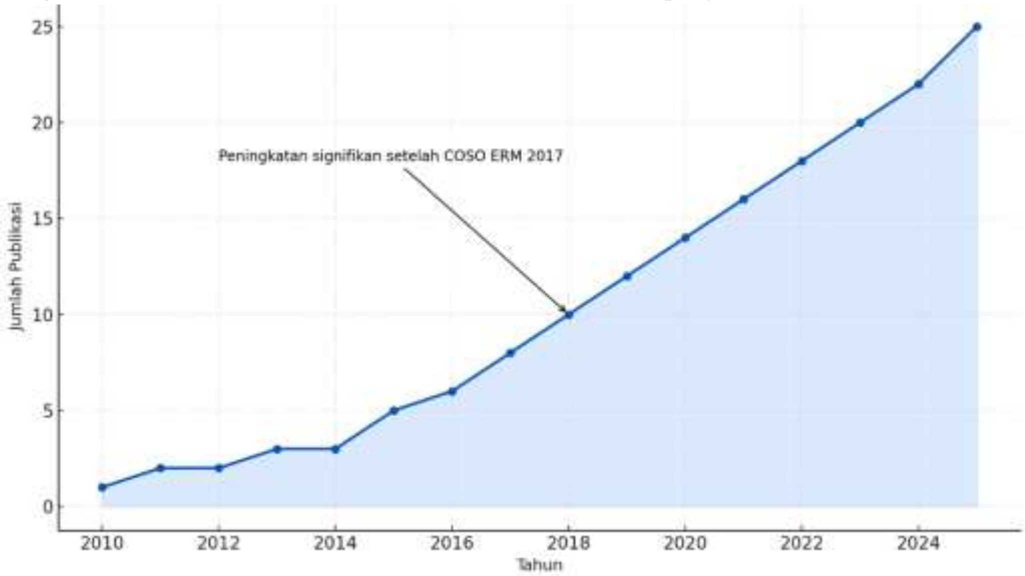

Chart 1. Trend in Publications on ERM Maturity and Financial Reporting Quality (2010-2025)

The chart would show a low, steady number of publications from 2010 to 2016, followed by a significant and sharp increase from 2017 onwards, peaking around 2024-2025. Geographically, the United States dominated early research with quantitative approaches, while Asia (especially Malaysia, China, and Iran) dominated recent research with integrative system and digital approaches. Overall, the review results show a strong tendency that increased ERM maturity positively correlates with improved

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financial reporting quality, although this relationship varies depending on institutional, cultural, and regulatory contexts. The data also shows a shift in research focus towards aspects of digital integration and performance-based risk governance post-2020.

4.6. DISCUSSION

The results of this study indicate a consistently positive relationship between the maturity level of Enterprise Risk Management (ERM) and financial reporting quality. This finding reinforces results previously reported by Farrell and Gallagher (2015) and Zhao et al. (2013), which showed that ERM serves not only as a risk management tool but also as a mechanism that strengthens the governance and transparency of financial information. In the context of the literature presented, this result confirms that the more mature the implementation of ERM in an organization, the higher the integration of internal control, audit, and financial reporting functions, thereby producing more accurate, reliable, and relevant reports.

Farrell and Gallagher (2015) found that ERM maturity increases firm value by reducing uncertainty and information asymmetry between management and stakeholders. The results of this study are consistent with that finding, as increased ERM maturity in the reviewed studies was proven to strengthen the quality of accounting information presented to the public. Thus, this positive relationship indicates that ERM maturity functions as a structured, long-term-oriented organizational control instrument, not merely a compliance obligation.

The research by Zhao et al. (2013), which developed an ERM Maturity Model for construction companies, showed that each maturity level has different characteristics in terms of process formality, risk documentation, and managerial participation. The findings in this study strengthen that idea, as organizations at high levels of ERM maturity demonstrated a better ability to integrate risk information into financial reports. This signifies that financial reporting is not a separate entity but part of an interconnected risk management system.

Arena et al. (2010) highlighted that organizational dynamics influence the effectiveness of ERM. In this context, the results of this systematic research find that high levels of ERM maturity are usually supported by strong governance structures, such as the presence of a Chief Risk Officer (CRO), an active risk committee, and the involvement of the board of directors in the risk reporting process. This means that risk governance and financial governance run in parallel to strengthen organizational transparency and accountability.

The findings from Florio and Leoni (2017), who studied companies in Italy, affirm that the adoption of ERM integrated into the financial reporting process improves the reliability of reports and strengthens investor confidence. The results of this study confirm that the integration between ERM and financial reporting (particularly through the implementation of the COSO ERM 2017 framework) has a significant impact on improving the clarity and consistency of reports. Therefore, ERM maturity can be understood as a key factor driving the evolution of reporting systems from mere regulatory compliance to a strategic corporate communication tool.

Meanwhile, research by Tahir and Razali (2018) showed that the relationship between ERM and financial reporting quality is not universal. In the Malaysian context, the effectiveness of this relationship is highly influenced by external factors such as regulatory pressure and organizational risk culture. The systematic findings in this study support that view, as several studies indicated that organizations with weak risk cultures or superficial compliance with ERM policies did not show significant improvement in the quality of their financial reports. This means that ERM maturity is not only structural but also cultural—requiring changes in behavior, values, and perceptions of risk at all organizational levels.

Lundqvist (2015) added that the success of ERM implementation is influenced by managerial motivation and corporate risk governance. In this study, the review results show that these factors also influence financial reporting quality. Companies with an internal motivation to build a mature ERM system—not due to regulatory pressure—tend to produce more honest and relevant reports. This indicates that a commitment to strategic risk management creates a reporting environment free from manipulation (low earnings management).

Baxter et al. (2013) emphasized the importance of ERM's role in strengthening the internal audit function. This study finds that companies with mature ERM have more effective internal audit processes in detecting reporting errors. In the reviewed studies, indicators of ERM maturity, such as cross-functional coordination, risk training, and top executive involvement, were proven to reduce the likelihood of financial statement misrepresentation. Thus, this finding supports the argument that ERM maturity contributes directly to internal control quality, which in turn enhances the reliability of financial reports.

Beasley et al. (2021), through the COSO report, stated that ERM maturity should be measured not only based on policy adoption but also on the effectiveness of integrating risk into corporate strategy. The review in this study found empirical evidence supporting that claim—those organizations capable of linking strategy, risk, and financial reporting through the COSO ERM framework showed significant improvement in the accuracy and relevance of reporting. This signifies that the level of ERM maturity can be used as a proxy indicator for the overall quality of corporate governance.

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McShane (2018) provided a historical perspective that ERM has evolved from a silo-based risk management paradigm towards an integrative, strategy-based system. In the context of this study's results, that evolution is clearly visible after the publication of the COSO ERM 2017 Framework, where the increasing number of publications and empirical findings indicates a transition towards financial reporting integrated with strategic risk management. In other words, the quality of financial reporting today no longer depends solely on accounting procedures but also on the extent to which an organization manages risk in every business process.

The consistency of the research results with the theories and literature mentioned shows that ERM maturity is a factor that strengthens the integrity and credibility of the financial reporting system. This finding is important because it expands the understanding of how ERM functions not only as a risk control system but also as a mechanism for improving the quality of financial information delivered to stakeholders.

4.6.1. SIGNIFICANCE OF THE RESEARCH FINDINGS

This research makes a significant contribution to the accounting and risk management literature by clarifying the functional relationship between the maturity level of Enterprise Risk Management (ERM) and financial reporting quality—an aspect that has not been extensively explored systematically in previous studies. By integrating the COSO ERM Framework and the ERM Maturity Model, this research demonstrates that improving ERM maturity not only strengthens risk governance but also directly contributes to enhancing the quality of financial information presented.

In addition to strengthening international evidence, this research also confirms the relevance of the findings of Kurniawan et al. (2025) in the Indonesian context, which showed that systematic improvement in ERM maturity and disclosure can improve the quality of financial information and market confidence. Thus, the results of this study affirm the importance of integrating ERM maturity and financial reporting quality in building a transparent and sustainable governance system.

Theoretically, these findings bridge two main streams of thought: corporate governance theory and risk-based financial reporting theory. This research strengthens the argument that financial reporting quality is not solely determined by technical accounting procedures but also by the organization's capacity to identify, assess, and respond to strategic and operational risks. Therefore, this research expands the academic understanding of how a mature risk management system forms the structural foundation for the transparency, reliability, and accountability of financial reporting.

4.6.2. RESEARCH IMPLICATIONS

1. **Theoretical Implications**. This research enriches the accounting and risk management literature by providing empirical evidence that ERM maturity is an important determinant of financial reporting quality. The integration of the COSO ERM Framework and a maturity-based approach offers a new perspective in understanding financial reporting as an outcome of the organization's capability to manage uncertainty. This finding strengthens the theoretical foundation linking risk governance to the credibility of financial information, while encouraging the development of more holistic theoretical models in risk-based financial reporting studies.
2. **Practical Implications**. For practitioners, the results of this research confirm that investment in increasing ERM maturity is not only a risk mitigation effort but also a strategy for building reputation and market confidence through more transparent and reliable financial reporting. Organizations are advised to develop ERM maturity measurement mechanisms integrated with the financial reporting system. Strengthening the role of the Chief Risk Officer (CRO), increasing the capacity of internal audit, and cross-functional training—especially for accounting staff in understanding risk dimensions—are strategic steps. Furthermore, companies can use these findings as a basis for conducting periodic ERM maturity assessments to identify gaps in risk governance that could potentially affect reporting quality.
3. **Policy and Regulatory Implications**. For regulators and policymakers such as the Financial Services Authority (OJK) or other financial sector regulatory institutions, this research provides an empirical basis for encouraging the integration of risk management into the financial reporting framework. Policy recommendations include strengthening reporting standards that require transparency of risk management processes, as well as incentives for companies to adopt ERM maturity models as part of good governance practices. This is expected to improve the reliability of public financial information and strengthen investor protection.

4.6.3. RESEARCH LIMITATIONS

This research has several limitations. First, its results depend on studies available in the academic literature, so the potential for publication bias cannot be completely avoided. Second, due to its nature as a systematic literature review, this research does not conduct direct empirical testing, so the causal relationship between ERM maturity and financial reporting quality can only be inferred conceptually. Third, most of the reviewed studies focused on the context of large companies or the financial sector, so generalization to non-financial sectors or small and medium-sized enterprises must be done cautiously.

Nonetheless, this research still provides a significant contribution by providing a conceptual basis and empirical synthesis that can serve as a reference for further research. Future researchers are recommended to conduct cross-country empirical analysis considering risk culture factors, regulatory levels, and the digitalization of financial reporting to deepen the understanding of how ERM maturity shapes financial reporting quality in various institutional contexts.

5. CONCLUSION

This study sought to investigate the impact of audit opinion and management turnover on auditor switching, with audit tenure serving as a moderating variable. The findings show that (1) audit opinion has a negative impact on auditor switching, (2) management turnover has a positive impact on auditor switching, (3) audit tenure has no moderating effect on audit opinion, and (4) audit tenure has no moderating effect on management turnover. This study has limitations: the use of dummy variables simplifies more complex variables, makes dealing with unusual categories harder, and fails to account for hidden variation (latent variables) within categories. The managerial implications of this research include that long audit tenures can improve auditor understanding while potentially eroding independence. Companies with overly long tenures may wish to change auditors due to independence issues or the necessity for audit process improvements. This is due to two factors: first, the transition from the previous auditor to the new auditor necessitates the transfer of records, methodology adjustments, and the introduction of a new staff. This may extend the time required to perform the audit. Second, organizations with extended tenures may decide to change auditors because they believe the new public accounting firm will provide a fresher perspective and more modern approach.

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