Auditor Tenure and Audit Quality

An Empirical Analysis at Audit Firm and Audit Partner Level for the German Market

INAUGURALDISSERTATION

zur Erlangung des Grades eines Doktors der Wirtschaftswissenschaft

des

- Fachbereichs Wirtschaftswissenschaft -

der

Freien Universität Berlin

Vorgelegt von

Dipl.-Kfm. Jun-Seo Lee

aus Berlin

2015

Erstgutachter: Prof. Dr. Klaus Ruhnke

Zweitgutachter: Prof. Dr. Jochen Bigus

Tag der mündlichen Prüfung: 07.01.2016

Danksagung

Die vorliegende Dissertation entstand während meiner Tätigkeit als wissenschaftlicher Mitarbeiter an der Professur für Unternehmensrechnung und Wirtschaftsprüfung der Freien Universität Berlin. Bei der Durchführung meines Promotionsvorhabens habe ich von verschiedenen Seiten Unterstützung erhalten und möchte mich bei diesen Personen an dieser Stelle bedanken.

Zunächst möchte ich mich bei Prof. Dr. Klaus Ruhnke für die Ermöglichung der Promotion bedanken. Mein Dank gilt weiterhin Prof. Dr. Jochen Bigus für die freundliche Übernahme des Zweitgutachtens. Bedanken möchte ich mich auch bei Prof. Dr. Dr. Löffler, Prof. Dr. Mellewigt sowie Frau Nadine Georgiou für die Bereitschaft in der Promotionskommission mitzuwirken.

Mein ganz besonderer Dank gilt Herrn Dr. Frederik Frey, der mit seinen stets wertvollen Anregungen, intensiven Diskussionen und kritischen Anmerkungen die Arbeit gefördert hat. Auch für das Korrekturlesen sowie für die Vorbereitung der Disputation möchte ich mich bei ihm bedanken. Im selben Maße danke ich Frau Alexandra Lohr für ihre Unterstützung bei administrativen Aufgaben und für ihre moralische Unterstützung sowie ihren Optimismus während meiner Zeit als wissenschaftlicher Mitarbeiter.

Prof. Paul Pronobis, meinen ehemaligen Kollegen am Lehrstuhl sowie meinen Mitdoktoranden (Dr. Alexander Gabriel, Dr. Stefan Grabs, Karsten Asbahr, Michael Babbel und Jonas Schäuble) möchte ich für die konstruktiven Gespräche und für das stets angenehme Arbeitsklima danken. Des Weiteren danke ich Erica Choi sowie Dianne Lee für das Korrekturlesen.

Mein größter Dank gilt meiner Familie ohne deren Hilfe und Rückhalt die Durchführung meines Promotionsvorhabens nicht möglich gewesen wäre.

Jun-Seo Lee

Table of Contents

List of Abbreviations

2SLS	Two-Stage Least Squares
AAER	Accounting and Auditing Enforcement Releases
AG	Aktiengesellschaft
AICPA	American Institute of Certified Public Accountants
AktG	Aktiengesetz
APAK	Abschlussprueferaufsichtskommission
Art.	Article
BaFin	Bundesanstalt fuer Finanzdienstleistungsaufsicht
Big4	Term for the four major audit firms: Deloitte and Touche, Ernst and Young, KPMG and PwC
BilKoG	Bilanzkontrollgesetz
BilReG	Bilanzrechtsreformgesetz
BS WP/vBP	Berufssatzung fuer Wirtschaftspruefer/vereidigte Buchpruefer
BS_JM	Prediction Model proposed by *Ball/Shivakumar* (2006) based on the Jones Model
BS_DDM	Prediction Model proposed by *Ball/Shivakumar* (2006) based on the Dechow-Dichev Model
CDAX	Composite DAX
CEO	Chief Executive Officer
CFO	Chief Financial Officer
Coeff.	Coefficient
Cf.	Confer
CPA	Certified Public Accountant
DAX	Deutscher Aktienindex
DDM	Dechow-Dichev Model
DPR	Deutsche Pruefstelle fuer Rechnungslegung
e.g.	exempli gratia
EBIT	Earnings Before Interest and Taxes
EC	European Commission
Eds.	Editors
EPS	Earnings per Share
EPS_{Actual}	Reported Earnings per Share by the Company
EPS_{Mean}	Mean Consensus of Analysts' Forecasts
Ern	Industry classification in accordance with *Ernstberger et al.* (2013)
et al.	et alii
etc.	et cetera
EU	European Union

exp.	expected
f.	and the following (page)
ff.	and the following (pages)
FLJM	Forward Looking Jones Model
FRC	Financial Reporting Council
Frk	Industry classification in accordance with *Frankel et al.* (2002)
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GCO	Going-Concern Opinion
HGB	Handelsgesetzbuch
http	hypertext transfer protocol
i.e.	id est
I/B/E/S	Institutional Brokers' Estimate System
IAASB	International Auditing and Assurance Standards Board
IAS	International Accounting Standards
ibid.	ibidem
IDW	Institut der Wirtschaftspruefer in Deutschland e.V.
IDW PS	IDW Pruefungsstandard
IESBA	International Ethics Standards Boards for Accountants
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standards
Ind.	Industry Classification
ISA	International Standards on Auditing
ISQC	International Standard on Quality Control
IT	Information Technology
JM	Jones-Model
KonTraG	Gesetz zur Kontrolle und Transparenz im Unternehmensbereich
KPMG	Klynveld, Peat, Marwick and Goerdeler (Accounting Firm)
Log	Logarithm
MJM	Modified Jones Model
No.	Number
Obs.	Observations
OLS	Ordinary Least Squares

p.	page
PAMJM	Performance Adjusted Modified Jones Model
PAJM	Performance Adjusted Jones Model
PCAOB	Public Company Accounting Oversight Board
Ph.D.	Doctor of Philosophy
pp.	pages
PwC	PricewaterhouseCoopers (Accounting Firm)
R&D	Research and Development
RoA	Return on Assets
RQ	Research Question
Rz.	Randziffer
s.l.	sin locum
SEC	Securities and Exchange Commission
Sec.	Section(s)
SIC-Code	Standard Industrial Classification-Code
SOX	Sarbanes-Oxley (Act of 2002)
t-stats	t-statistics
U.S.(A.)	United States (of America)
UK	United Kingdom
VIF	Variance Inflation Factor
VO	Verordnung
Vol.	Volume
vs.	versus
WpHG	Wertpapierhandelsgesetz
WPK	Wirtschaftsprueferkammer
WPO	Wirtschaftsprueferordnung
www	World wide web

List of Symbols

%	Percent
*	Significant at 0.1 - marginally significant
**	Significant at 0.05
***	Significant at 0.01 - highly significant
+	Positive association between the dependent and independent variable
-	Negative association between the dependent and independent variable
+/-	Direction of the association between the dependent and independent variable is not clear
<	Less than
>	Greater than
≤	Less than or equal to
≥	Greater than or equal to
β	Regression coefficient
ε	Error term
A	Total assets
AbsTA	Absolute value of total accruals scaled by prior year's total assets
AC	Dummy variable coded 1 if an audit committee exists, and 0 otherwise
Adj. R^2	Adjusted R^2
Age	Natural logarithm of the number of years since the client was founded
Big4	Dummy variable coded 1 if the client is audited by a Big4 audit firm, and 0 otherwise
Busy	Dummy variable coded 1 if client's fiscal year ends in December, and 0 otherwise
χ^2	Test statistic for the chi-square test
Δ	Change in
$\|DA\|$	Absolute value of discretionary accruals
DA	Discretionary accruals
DA+	Positive values of discretionary accruals
DA-	Negative values of discretionary accruals
DOCF	Dummy variable coded 1 if the operating cash flow is negative, and 0 otherwise
DΔOCF	Dummy variable coded 1 if the change in operating cash flow is negative, and 0 otherwise
DIndOCF	Dummy variable coded 1 if industry-adjusted operating cash flow is negative, and 0 otherwise
$EP_{Ability}$	Dummy variable coded 1 if the engagement partner has attained an academic title, and 0 otherwise

EP_{Exp}	Work experience of the engagement partner calculated as the number of years since the engagement partner's CPA appointment when having signed the audit report
EP_{ExpD}	Dummy variable coded 1 if EP_{Exp} is greater than the median of the variable EP_{Exp}, and 0 otherwise
EPT	Number of consecutive audits that the client has retained the same engagement partner
EPT_{Long}	Dummy variable coded 1 if EPT $\geq$ 6, and 0 otherwise
EPT_{Long5}	Dummy variable coded 1 if EPT $\geq$ 5, and 0 otherwise
EPT_{Short}	Dummy variable coded 1 if EPT $\leq$ 3, and 0 otherwise
EPT_{Short2}	Dummy variable coded 1 if EPT $\leq$ 2, and 0 otherwise
FT	Number of consecutive audits that the client has retained the same audit firm
FT_{Long}	Dummy variable coded 1 if FT $\geq$ 11, and 0 otherwise
FT_{Long10}	Dummy variable coded 1 if FT $\geq$ 10, and 0 otherwise
FT_{Long7}	Dummy variable coded 1 if FT $\geq$ 7, and 0 otherwise
FT_{Long8}	Dummy variable coded 1 if FT $\geq$ 8, and 0 otherwise
FT_{Long9}	Dummy variable coded 1 if FT $\geq$ 9, and 0 otherwise
FT_{Short}	Dummy variable coded 1 if FT $\leq$ 3, and 0 otherwise
FT_{Short2}	Dummy variable coded 1 if FT $\leq$ 2, and 0 otherwise
GCO	Dummy variable coded 1 if a client receives a first-time GCO, and 0 otherwise
Gender	Dummy variable coded 1 if the engagement and/or review partner are/is female, and 0 otherwise
Growth	Growth of the client, defined as the rate of net sales over the previous year
i	Index for company
j, k	Running index for independent variables
IndExp	Industry expertise of the audit firm measured as the audit firm's portfolio share of audited total assets in a specific industry relative to audited total assets from all served industries
IndOCF	Industry-adjusted operating cash flow calculated as the operating cash flow of the company less the median operating cash flow of the industry that the company belongs to
Industry	Industry classification
Lag	Natural logarithm of the number of days from client's fiscal year end to the day that the audit report is signed

Lev	Financial leverage ratio of the client, defined as the value of total debts divided by the value of total assets
MB	Ratio of the client's market value to its book value of equity
MBE_{FE}	Dummy variable coded 1 if a client meets or just beats the analysts' mean consensus earnings per share by less than 2 cents, and 0 otherwise
NoE	Number of analysts making a forecast for a client
OCF	Operating cash flow divided by the value of total assets
Office	Size of a city-based, engagement office within an audit firm. The size of the office is approximated as the natural logarithm of clients' total assets that are audited by that office in a specific fiscal year
p	p-value
pBank	Zmijewski's (1984) financial condition score
PPE	Gross property, plant and equipment
R^2	Explanatory Power
Rec	Receivables
Restate	Dummy variable coded 1 if financial statements are restated
Rev	Revenue
RoA	Return on Assets
$RP_{Ability}$	Dummy variable coded 1 if the review partner has attained an academic title, and 0 otherwise
RP_{Exp}	Work experience of the review partner calculated as the number of years since the engagement partner's CPA appointment when having signed the audit report
RP_{ExpD}	Dummy variable coded 1 if RP_{Exp} is greater than the median of the variable RP_{Exp}, and 0 otherwise
RPT	Number of consecutive audits that the client has retained the same review partner
RPT_{Long}	Dummy variable coded 1 if RPT $\geq$ 6, and 0 otherwise
RPT_{Long5}	Dummy variable coded 1 if RPT $\geq$ 5, and 0 otherwise
RPT_{Short}	Dummy variable coded 1 if RPT $\leq$ 3, and 0 otherwise
RPT_{Short2}	Dummy variable that coded 1 if RPT $\leq$ 2, and 0 otherwise
Size	Size of the client approximated as the natural logarithm of year-end value of total assets in T€
$Size_D$	Dummy variable coded 1 if Size is greater than the median of the variable Size, and 0 otherwise

Std	Standard deviation of forecasts made for a client
t	Index for the period (year)
T€	Thousand Euros
TA	Total accruals
Tax	Tax expenses scaled by total assets
Team	Number of consecutive audits that the same two audit partners have been retained
$Team_{Long}$	Dummy variable coded 1 if Team ≥ 6
$Team_{Long5}$	Dummy variable coded 1 if Team ≥ 5
$Team_{Short}$	Dummy variable coded 1 if Team ≤ 3
$Team_{Short2}$	Dummy variable coded 1 if Team ≤ 2
WCA	Working capital accruals
Year	Dummy variables representing the fiscal years 2006, 2007, 2008, 2009 and 2010, respectively

List of Tables

List of Figures

1 Introduction

Accounting scandals and collapses of prominent international corporations, such as Parmalat and ComROAD in Europe, or WorldCom and Enron in the United States, as well as the global financial crisis of 2008 have increasingly put the focus on the role and scope of audits. The European Commission published in the aftermath of the financial crisis a Green Paper "Audit Policy: Lessons from the Crisis" on October 13th, 2010, which, amongst others, raises the question of how auditor independence and therefore audit quality can be enhanced.[1] One of the propositions was to implement a mandatory rotation of audit firms because it is argued that "*situations where a company has appointed the same audit firm for decades seem incompatible with desirable standards of independence*."[2] The debate of whether mandatory audit firm rotation enhances audit quality is not new and has been subject to extensive discussion among regulators, investors, professional accountants, and researchers.[3] Proponents of a mandatory audit firm rotation requirement argue that an extended relationship leads to threats to the audit firm's independence, e.g. due to financial interests in keeping a client or extensive personal relationships with a client.[4] Opponents of a mandatory audit firm rotation, however, argue that an effective audit requires start-up costs, i.e. costs to build up client-specific knowledge and time to get familiar with the client's business, processes, systems, people, and risks.[5] The lack of client-specific knowledge in the early years of the audit firm engagement is argued to have negative effects on the ability to detect (material) misstatements in the client's financial statements.[6] The above-presented arguments also apply to a certain extent to individual audit partner tenure.[7] From a theoretical point of view, it is not

---

1 Cf. *European Commission* (2010), pp. 10 ff.
2 *Ibid.*, p. 11.
3 Cf. *AICPA* (1978), pp. 108 f.; *FEE* (2004), pp. 1 ff.; *Arruñada/Paz-Ares* (1997), pp. 31 ff.; *Davis et al.* (2009), p. 517.
4 Cf. *Hoyle* (1978), p. 72; *Arruñada/Paz-Ares* (1997), p. 45; *Myers et al.* (2003), p. 781; *Carey/Simnett* (2006), pp. 656 f.; *Davis et al.* (2009), p. 521; *Litt et al.* (2014), p. 65.
5 Cf. *Chi et al.* (2009), p. 362; *PwC* (2012), p. 3.
6 Cf. *Arruñada/Paz-Ares* (1997), p. 45; *Johnson et al.* (2002), p. 642; *Carcello/Nagy* (2004), p. 58; *Chi et al.* (2009), p. 362.
7 Cf. *Chi/Huang* (2005), p. 362; *Chen et al.* (2008), p. 420.

possible to draw a conclusion as to whether extended auditor[8] tenure enhances or harms audit quality and whether mandatory rotation is a proper measure to safeguard audit quality. "*Ultimately, the association between auditor tenure and auditor reporting is an empirical question* […]."[9]

There is a fairly rich body of empirical studies investigating the relation between audit firm tenure and audit quality in regimes where mandatory rotation of audit firms is not prescribed. The results of these studies generally do not point to extended audit firm tenure having detrimental effects on audit quality. Empirical evidence on the effect of mandatory audit firm rotation is scarce since only a handful of countries have adopted such a requirement (e.g. Italy or Brazil).[10] Only a very limited number of studies exist and the results of these studies are mixed and do not allow to draw a clear conclusion as to whether mandatory audit firm rotation enhances audit quality. At audit partner level, empirical evidence is generally scarce, possibly due to data restrictions. Only a few countries publicly disclose the names of the audit partners, e.g. Germany, Taiwan and Australia. The majority of the studies use samples where mandatory audit partner rotation is not prescribed. The results do not point to extended audit partner tenure having detrimental effects on audit quality. Unless audit partner tenure and audit firm tenure are perfectly correlated, studies investigating solely the effect of audit firm tenure or audit partner tenure are subject to omitted variable bias.[11] Conclusions, for example, as to whether to adopt mandatory audit firm rotation would be problematic. Only a handful of studies examine the joint effect of audit firm and audit partner tenure on audit quality. Again, the results are mixed and do not provide clear evidence of extended audit firm and audit partner tenure having detrimental effects on audit quality. Overall, empirical literature on auditor tenure and audit quality fails to find clear evidence of extended auditor tenure having detrimental effects on audit quality.

---

8 In the following, the term "auditor" refers to both the audit firm and the individual audit partner. If specifically addressing to the audit firm or the individual audit partner, the respective term is used.

9 *Geiger/Raghunandan* (2002a), p. 71.

10 Cf. *Ruiz-Barbadillo et al.* (2009), p. 132.

11 Cf. *Chi/Huang* (2005), p. 66; *Bedard/Johnstone* (2010), p. 68.

Although empirical evidence does not suggest that extended auditor tenure is associated with decreasing audit quality, standard-setters have already implemented in various countries, e.g. the United States or selected countries in the European Union, a mandatory audit partner rotation rule, which is argued to enhance audit quality. For example, in Germany audit partners are to rotate-off mandatorily if having signed the audit report in 7 or more instances.[12] At audit firm level, the discussions around the Green Paper have led in 2014 to the Regulation (EU) No. 537/2014, which introduces a mandatory audit firm rotation rule. A 10 year or shorter term of audit firm rotation for all public interest entities in the EU is prescribed. The tenure can be further extended for up to a maximum of 10 years if a tender is undertaken, or up to a maximum of 14 years if a joint audit is adopted.[13] Therefore, the European Commission has come to the conclusion that already existing measures to safeguard the auditor's independence, such as mandatory rotation of audit partners, do not suffice.

In this study, I investigate the relation between audit firm and audit partner tenure, and audit quality using a sample of listed non-financial companies in Germany. Given that the European Commission has implemented a mandatory audit firm rotation rule, this study contributes to the debate surrounding the recently implemented regulation and provides further empirical evidence on that matter. I choose Germany as the sample country since the audit reports of listed German companies publicly disclose the name of the audit firm as well as of the signing audit partners. This allows to examine the effect of audit firm tenure and audit partner tenure on audit quality. Similar to Taiwan, German audit reports are signed by two audit partners, which creates complexities in measuring audit partner tenure.[14] Unlike in Taiwan, however, the German audit report allows to identify the audit partner who carries the overall responsibility for the planning and performance of the audit (engagement partner)

---

12 Cf. sec. 319a I 4 of the German Commercial Code (*Handelsgesetzbuch*, hereafter HGB). Unless otherwise stated, the cited norms of the HGB are in the version dated May 29th, 2009.

13 Cf. *European Commission* (2014), sec. 17.

14 Cf. *Chen et al.* (2008), p. 417.

and the audit partner that functions as the report critique (review partner).[15] Although not legally prescribed, the engagement partner signs the lower right side of the audit report, while the review partner sets the signature on the lower left side.[16] A second feature special to the German setting is that a mandatory rotation at audit firm level is in the sample period (2005-2011) not prescribed, whereas audit partners that have signed the audit report in 7 or more instances are to rotate-off.

To investigate the effect of audit firm and audit partner tenure on audit quality, I use four common proxies used to infer audit quality: the auditor's propensity of issuing a GCO, the probability of issuing a restatement, the probability of meeting or just beating analysts' forecasts, and the magnitude of discretionary accruals. Since the different proxies used to infer audit quality have their strength and weaknesses, I use multiple proxies which allows to build greater confidence in the reported results.[17] I analyze the effect of audit firm tenure and audit partner separately in order to compare the results with prior empirical findings. Furthermore, I run a joint analysis examining the effect of audit firm tenure after controlling for audit partner tenure to control for potential omitted variable bias.

Using the propensity of issuing a GCO, I find at best limited evidence that extended audit firm tenure is associated with a lower propensity of issuing a GCO, whereas I fail to find evidence linking engagement and review partner tenure with the propensity of issuing a GCO. The results of the joint analysis point into the same direction. The lack of convincing evidence, however, might be due to the special institutional setting in Germany. Audit firm rotation is in the sample period voluntary, whereas a mandatory rotation at audit partner level is required. Client-specific quasi-rents are in such a setting potentially unlimited at audit firm level, whereas being limited at audit partner level. Since these client-specific quasi-rents are assumed to create threats to the audit firm's and audit partner's independence, the asymmetrical mandatory rotation rule in Germany might create differing incentives at audit firm

---

15 Cf. sec. 24a, 24d II BS WP/vBP (status as of October 12th, 2012).
16 Cf. Grounds for Individual Rules on sec. 27a I BS WP/vBP.
17 Cf. *Carey/Simnett* (2006), p. 658.

and audit partner level. At audit partner level, the mandatory audit partner rotation rule limits client-specific quasi-rents, which might positively affect the audit partner's level of independence. At audit firm level, potentially unlimited client-specific quasi-rents might create financial interests for the audit firm in keeping a client. Therefore, at audit firm level pressure might exist in retaining a client, which is "passed" on to the individual audit partners in the audit firm (e.g. via governance arrangements that favor audit partners who keep/acquire clients or who generate audit fees by more favorably career outlooks). This line of reasoning might give good reasons to believe that audit firm tenure has a moderating effect on audit partner tenure. The results examining a possible interaction effect between audit firm and audit partner tenure strongly suggest the presence of such an interaction effect. I find that audit quality increases with the tenure at audit partner level (i.e. higher propensity of issuing a GCO) and that the positive effect of increasing audit partner tenure on audit quality is moderated by increasing audit firm tenure, i.e. increasing audit firm tenure negatively affects audit quality by negatively affecting audit quality at audit partner level.

With regard to the probability of issuing a restatement, I find that issuing a restatement is more likely in the early periods of audit firm tenure. At audit partner level, I find that the probability of issuing a restatement decreases with increasing engagement partner tenure, whereas I do not find evidence linking review partner tenure with the probability of issuing a restatement. In the joint analysis, the observed effect of audit firm tenure "disappears" and solely the negative effect of increasing engagement partner tenure on the probability of issuing a restatement remains. Thus, the finding that a restatement is more likely to be issued in the early periods of audit firm tenure is mainly due to engagement partner tenure. This result stresses the importance of including both audit firm and audit partner tenure when examining possible effects on audit quality. An interaction effect of audit firm and audit partner tenure as observed in the going-concern analysis cannot be substantiated.

Using the probability of meeting or just beating analysts' forecasts, I do not find convincing evidence linking audit firm tenure to the probability of meeting or just beating analysts' forecasts. I also do not find convincing evidence

of audit partner tenure being associated with the probability of meeting or just beating analysts' forecasts. The results of the joint analysis point into the same direction. However, similar to the going-concern analysis, the lack of evidence is likely to be due interaction effects between audit firm and audit partner tenure. I find that increasing audit firm tenure negatively affects audit quality by negatively affecting audit quality at audit partner level. The results of the last proxy, the magnitude of discretionary accruals, fail to provide evidence of audit firm tenure and audit partner tenure being associated with the extent to which income-increasing and/or income-decreasing accounting policies are constrained. The results of the joint analysis do not yield differing results. An interaction effect between audit firm tenure and audit partner tenure cannot be substantiated either.

This study contributes to the literature on auditor tenure and audit quality in at least two important ways. First, empirical evidence is mixed, which might be attributable to differing institutional settings, differing methodological approaches, and/or differing sample periods. For example, the exposure to litigation risks is generally higher in common law countries (e.g. United States or Australia) than in code law countries (e.g. Germany or France),[18] which might affect the probability of reporting a detected breach. Changes in the applicable financial reporting standards, the issuance of new financial reporting standards, or regulatory reforms, such as the Sarbanes Oxley Act 2002, might have also affected the ability of the auditor to detect, and the willingness to report these misstatements.[19] Thus, I add further empirical evidence on the audit firm/audit partner tenure and audit quality discussion. Furthermore, I provide additional evidence to the limited body of literature that examines the effect of audit firm tenure after controlling for audit partner tenure, which very few have done so far. Second, to my knowledge possible interaction effects of audit firm and audit partner tenure and the effect on audit quality have not yet been theoretically discussed and/or empirically investi-

---

18 Cf. *LaPorta et al.* (2006), pp. 15 ff.; *Francis* (2011), p. 141.
19 Cf. *Davis et al.* (2009), p. 522.

gated. I present new theoretical considerations for an interaction effect of audit firm and audit partner tenure, and provide first empirical evidence on that matter.

The presented findings, however, must be interpreted with caution. There are several caveats inherent to audit quality research, which might weaken the inferences of this study. For example, the magnitude of discretionary accruals as an indicator to which extent aggressive accounting policies are constrained is widely used, but remains a somewhat noisy measure.[20] Similarly, using the incidences of financial restatements might lead to biased results. It is conceivable that enforcement bodies especially focus on financial statements of companies that have just switched audit firms/audit partners since the risk of material misstatement is argued to be higher in the early periods. The results also cannot be generalized to institutional setting with mandatory audit firm rotation and/or voluntary audit partner rotation.[21] Nonetheless, I believe that the results still provide valuable insights for regulators, professional accountants and researchers.

The rest of this study is organized as follows. Chapter 2 presents the theoretical and institutional background. Therein, the function of the audit in the context of the principal-agent model and arising issues when modeling the auditor as an economic agent (moral hazard problem) are discussed (section 2.1). Since moral hazard problems on the side of the auditor are associated with audit quality, the following section (section 2.2) presents definitions of audit quality as well as drivers of audit quality. Although there are various views on how to define audit quality, all of them have in common that they reflect, to varying degrees, aspects of competence and independence.[22] Therefore, drivers of the auditor's competence and the auditor's independence are discussed in more detail. Section 2.3 outlines the institutional background of the statutory audit in Germany and provides a description of the regulatory

---

20 Cf. *Chi et al.* (2009), p. 361; *Krauß et al.* (2015), p. 71.
21 Cf. *Johnson et al.* (2002), p. 640; *Myers et al.* (2003), p. 792.
22 Cf. *Watkins et al.* (2004), pp. 153 f.

requirements that are implemented to safeguard the competence and independence of the auditor. Chapter 2 concludes with a brief description of current developments with regard to the statutory audit (section 2.3).

In Chapter 3, common proxies used in auditing research to infer audit quality are described (section 3.1). These are the "accuracy" of a GCO, the propensity of issuing a GCO, the probability of issuing a restatement, enforcement actions and successful litigation against auditors, the probability of meeting or just beating certain earnings benchmarks, as well as the magnitude of discretionary accruals. I also discuss to what extent these proxies provide insights to audit quality. Section 3.2 reviews relevant literature and section 3.3 then formulates the research questions and develops the hypotheses. Hypothesis 1 tests the relationship between audit firm tenure and audit quality, whereas Hypothesis 2 tests the relationship between engagement partner and audit quality (Hypothesis 2a) and the relationship between review partner tenure and audit quality (Hypothesis 2b). Hypothesis 3 then tests the relationship of audit firm tenure after controlling for engagement and review partner tenure.

Chapter 4 describes the research design, wherein the measurement of the test variables, i.e. audit firm tenure, engagement partner tenure and review partner tenure, as well as the measurement of various auditor-specific traits (e.g. audit firm size, industry expertise, level of work experience of the audit partners, etc.) are presented. Furthermore, the sample selection process is described.

Chapter 5 then presents the results of the empirical analysis. The results of the analyses are reported by the different proxies used to infer audit quality: the auditor's propensity of issuing a GCO (section 5.1), the probability of issuing a restatement (section 5.2), the probability of meeting or just beating analysts' forecasts (section 5.3), and the magnitude of discretionary accruals (section 5.4). Each analysis begins with a description of the specific method and the model specifications, followed by descriptive statistics and univariate results. The results of the multivariate analysis are reported separately for the hypothesis testing the effect of audit firm tenure on audit quality (Hypothesis 1), for the hypotheses testing the effect of engagement and review partner tenure on audit quality (Hypotheses 2a and 2b), and for the hypothesis testing

the effect of audit firm tenure on audit quality after controlling for engagement and review partner tenure (Hypothesis 3). The analysis of each proxy concludes with a brief summary of the results.

The last chapter (Chapter 6) presents the overall conclusion, including the limitations inherent to this study, as well as future research opportunities.

2 Theoretical and Institutional Background

This chapter provides an overview of the theoretical and institutional background of the statutory audit. Section 2.1 describes financial accounting as an information system, and external auditing as a means to verify managers' reported figures in the context of the agency theory. Section 2.2 then discusses the term audit quality and drivers of audit quality. The last section in this chapter (→ 2.3) outlines the regulatory requirements for the statutory audit in Germany.

2.1 Asymmetric Information and the Role of the Auditor

The separation of ownership and control in a company creates an agency problem. This problem arises since claimholders (principals) and managers (agents) of a company are assumed to be utility maximizers, which creates conflicting goals. It is assumed that managers are better informed about the company performance, and claimholders cannot fully observe the actions of managers.[23] With managers being better informed, i.e. information being asymmetrically distributed between both parties,[24] managers may make decisions that are not in the interest of claimholders.[25] A means to alleviate the agency problem is co-aligning the interests of managers and claimholders by an outcome-based remuneration for managers, and having managers publish audited financial statements.[26] The following sections discuss the principal-agent model and the function of an external audit in more detail.

2.1.1 The Principal-Agent Model

2.1.1.1 Origins of Agency Problems

In a large modern corporation, ownership is more or less separate from control, which is put into the hands of managers.[27] This creates an agency relationship, which is defined as a contract *"under which one or more persons*

---

23 Cf. *Jensen/Meckling* (1976), pp. 308 f.; *Penno* (1985), p. 240.
24 Cf. *Ng* (1978), p. 911.
25 Cf. *Jensen/Meckling* (1976), p. 308; *Arrow* (1985), pp. 38 f.
26 Cf. *Jensen/Meckling* (1976), pp. 312 f.; *Eisenhardt* (1989), p. 60.
27 Cf. *Fama* (1980), p. 289.

(the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent."[28] Therefore, an agency relationship is present whenever one individual depends on the actions of another.[29] In an ideal world, principals and agents would have no conflicts of interest and information between parties would be symmetrically distributed (because information would be perfectly available and free of costs). Each individual would perform the agreed-on task.[30] Applying that ideal relationship to a managerial context, claimholders (principals) would simply have to offer managers (agents) a contract that guarantees a remuneration that is independent of the managers' performance.[31] This remuneration scheme would ensure that managers operate the company as if it were theirs.[32]

An agency problem arises if managers and claimholders are assumed to be utility-maximizers, and information is asymmetrically distributed between both parties.[33] Modeling managers and claimholders as utility-maximizers creates conflicting goals.[34] The primary concern of claimholders is the company performance. The company performance is assumed to depend on the incurred work effort of managers, with a higher level of incurred work effort increasing the probability of better company performance.[35] Naturally, claimholders are interested in high levels of work effort from managers. The input factor work effort, however, is costly for managers and is therefore tend to be

---

28 *Jensen/Meckling* (1976), p. 308.

29 Cf. *Ross* (1973), p. 134; *Pratt/Zeckhauser* (1985), p. 2.

30 Cf. *Macho-Stadler/Pérez-Castrillo* (2001), p. 19.

31 Such a remuneration scheme is only an optimal contract if claimholders are risk-neutral and managers are risk-averse. The basis for these assumptions is that claimholders are able to diversify their assets perfectly. Managers, acting as agents, are risk averse since not having the opportunities to diversify their investments (talent, skills, etc.). Furthermore, risk-neutrality would imply that managers were insensitive to losses. Such an assumption only holds if potential losses are small in relation to the managers' personal wealth. Cf. *Shavell* (1979), pp. 65 f.; *Arrow* (1985), p. 45; *Furubotn/Richter* (2005), p. 213. For optimal remuneration schemes under symmetric information and different risk attitudes, see *Macho-Stadler/Pérez-Castrillo* (2001), pp. 23 ff.

32 Cf. *Pratt/Zeckhauser* (1985), p. 2; *Macho-Stadler/Pérez-Castrillo* (2001), p. 25.

33 Cf. *Jensen/Meckling* (1976), p. 308; *Eisenhardt* (1989), p. 58.

34 If there were no conflicts of goals, an agency problem would not arise regardless of how information is distributed. Cf. *Macho-Stadler/Pérez-Castrillo* (2001), p. 19.

35 Cf. *Ballwieser* (1987), p. 330.

minimized. Thus, the company performance (in the case of a fixed remuneration scheme) is not necessarily the primary concern of managers.[36] Moreover, the separation of ownership and control creates information asymmetries between managers and claimholders. Managers are assumed to be better-informed about the company performance (hidden information).[37] Furthermore, claimholders cannot fully deduce the behavior of managers from the company performance (hidden actions) since the company performance is also influenced by stochastic events, i.e. events that are beyond the managers' reach. As the behavior of managers, the stochastic events are only fully observable by managers themselves.[38] The presence of conflicting goals and asymmetrically distributed information creates a moral hazard. Managers may be induced to make decisions that are not in the interest of claimholders.[39] For example, managers could only exercise low work effort and attribute poor company performance to events that are beyond their control (e.g. unfavorable macroeconomic events).[40]

2.1.1.2 Agency Costs and Moral Hazard

A possible means of alleviating the moral hazard problem is to incur agency costs, which are defined as the sum of monitoring expenditures by principals (claimholders), bonding expenditures by agents (managers), and the residual loss.[41] Monitoring expenditures are incurred to control, measure, or observe managers' behavior.[42] Managers' self-serving behavior can be limited by increasing their fraction of the equity in the company, which also increases the fractional claim on the outcome (outcome-based remuneration). The out-

---

36 Cf. *Ballwieser* (1987), p. 330; *Macho-Stadler/Pérez-Castrillo* (2001), p. 19.
37 Cf. *Ng* (1978), p. 911.
38 Cf. *Arrow* (1985), p. 37; *Ballwieser* (1987), p. 330.
39 Cf. *Jensen/Meckling* (1976), p. 308; *Arrow* (1985), pp. 38 f.; *Eisenhardt* (1989), pp. 58 ff.
40 Cf. *Jensen/Meckling* (1976), p. 308; *Furubotn/Richter* (2005), pp. 162 f.
41 Cf. *Jensen/Meckling* (1976), p. 308. The residual loss is defined as the difference between the profit that could be accrued in the first-best solution and the profit that is available, including transaction costs and the welfare of the principal that is not maximized by the agent. Cf. *Furubotn/Richter* (2005), p. 165.
42 Cf. *Jensen/Meckling* (1976), footnote 9.

come-based remuneration co-aligns the preferences of managers and claimholders and reduces the conflicts of interest.[43] Furthermore, establishing information systems, such as financial reporting under GAAP (Generally Accepted Accounting Principles) that provide a retrospective description of the company performance, reduces information asymmetries.[44] Financial reports also provide claimholders to a certain extent with information of managers' behavior. Although the company performance is not entirely dependent on the actions of the managers, the disclosure of financial reports makes managers' behavior, i.e. decisions taken by the managers and incurred work effort, somewhat verifiable for claimholders. Financial reports can therefore increase the probability that managers chose actions that are in the best interest of claimholders.[45]

An outcome-based remuneration (e.g. linking the remuneration of managers to reported earnings figures under GAAP) and the disclosure of financial reports co-align the interests of claimholders and managers, and reduces information asymmetry. The disclosed earnings figures that represent the company performance, however, are subject to managers' discretion, such as accounting method changes or other accounting policy matters.[46] To maximize remuneration, managers might have incentives to overstate earnings figures by selecting favorable reporting methods.[47] To guarantee that no actions harming claimholders will be taken, or to ensure that claimholders will be compensated if such actions are taken, managers incur costs (bonding costs).[48] The costs of an audit of disclosed financial reports can be regarded as bonding

---

43 Cf. *Jensen/Meckling* (1976), pp. 312 f.; *Eisenhardt* (1989), p. 60. In the analysis of *Jensen/Meckling* (1976), managers are controlled by contracts. *Fama* (1980), however, hypothesizes that pressure from the labor market helps to discipline managers. Deviations from contracts (ex-post assessment) will result in the adjustment of managers' ex ante wages (future wages paid by a new company). Cf. *ibid.*, pp. 288 ff.

44 Cf. *Ng* (1978), pp. 911, 918; *Eisenhardt* (1989), p. 60.

45 Cf. *Ballwieser* (1987), p. 330; *Eisenhardt* (1989), p. 60. Other means to control, measure or observe managers' behavior include imposing budget restrictions, operating rules, etc. Cf. *Jensen/Meckling* (1976), footnote 9.

46 Cf. *Salamon/Smith* (1979), pp. 319 ff.; *Demski et al.* (1984), p. 17.

47 Cf. *Ng* (1978), p. 917; *Ng/Stoeckenius* (1979), p. 2; *Ballwieser* (1987), p. 328.

48 Cf. *Jensen/Meckling* (1976), p. 308. It is in the managers' interest to incur bonding costs as long as the marginal benefits of each bonding activity is greater than their marginal costs. Cf. *ibid.*, pp. 325 f.

costs.[49] Auditing disclosed financial reports can detect deviations from GAAP, which decreases managers' incentives to report overstated earnings figures.[50]

2.1.2 The Role of the Auditor

The separation of ownership and control leads to a moral hazard problem. The auditing of disclosed financial reports alleviates the moral hazard problem and induces more truthful reporting. The auditor can be modeled in two ways. First, as a perfect audit technology, which can detect untruthful reporting of any kind. This implies that the auditor has no incentives and is therefore not a rational actor.[51] And second, as an economic agent which models the auditor as a utility-maximizer. Modeling the auditor as a utility-maximizer, however, creates a moral hazard problem between the auditor and claimholders.[52] The following sections discuss the consequences on the reporting behavior of managers when modelling the auditor as a perfect technology (→ 2.1.2.1) and when modeling the auditor as an economic agent (→ 2.1.2.2)

2.1.2.1 The Auditor as a Perfect Technology

As previously discussed, claimholders are interested in high levels of work effort of managers, since it increases the probability of a better company performance. For managers, work effort is associated with costs and therefore tends to be minimized.[53] Simply writing a contract guaranteeing managers a fixed remuneration would not provide adequate incentives to incur high levels of work effort.[54] An incentive-inducing contract would link the company performance to managers' remuneration, and would also prescribe the disclosure of financial information to claimholders.[55] Claimholders, however, cannot judge whether the earnings figures reported by managers are in line with the

---

49 Cf. *Jensen/Meckling* (1976), p. 325.
50 Cf. *Ng* (1978), p. 917; *Ng/Stoeckenius* (1979), pp. 10 f.; *Antle* (1982), p. 512.
51 Cf. *Antle* (1982), pp. 503 ff.; *Antle* (1984), p. 2; *Ewert/Stefani* (2001), pp. 166 ff.
52 Cf. *Antle* (1982), p. 503; *Antle* (1984), p. 2.
53 Cf. *Ballwieser* (1987), p. 330; *Macho-Stadler/Pérez-Castrillo* (2001), p. 19.
54 Cf. *Macho-Stadler/Pérez-Castrillo* (2001), p. 42.
55 Cf. *Jensen/Meckling* (1976), pp. 312 f., 337 f.; *Ballwieser* (1987), pp. 330 f.

applicable accounting principles and cannot base the remuneration of managers on unaudited performance measures. Claimholders could only offer managers a contract that would guarantee a fixed payment, which would not be incentive-compatible.[56] The audit of the reported figures by an independent external party has two effects. First, the verified earnings figures could be used in drawing up a performance-based contract. Managers would then be remunerated according to the company performance.[57] And second, it would induce more truthful reporting since overstatement of reported figures by managers would be detected and penalized.[58]

The above-described setting assumes that the audit of financial statements is able to detect perfectly any kind of untruthful reporting. One implication is that the auditor is not a utility-maximizer. Such an assumption views the auditor as qualitatively different from managers and claimholders.[59] Modeling the auditor as an economic agent creates a moral hazard problem on the side of the auditor. The following section discusses this moral hazard problem and means to alleviate it.

---

56 Cf. *Ewert/Stefani* (2001), p. 161.

57 Asymmetric distribution of information is a necessary condition for an external audit. However, the risk attitudes of managers and claimholders are the decisive factors of whether an audit is beneficial or not (sufficient condition). An external audit is, in this context, beneficial when managers have risk-averse attitudes and claimholders have risk-neutral attitudes. If managers were to be insensitive to losses (risk neutral), i.e. they had no wealth restrictions, an audit would be of no necessity. Incurred losses would simply be borne by managers. Cf. *Ewert/Stefani* (2001), pp. 161 f.

58 Cf. *Ewert/Stefani* (2001), p. 161, *Wagenhofer/Ewert* (2015), pp. 424 ff. Reports of managers stating a poor performance need not to be audited since the remuneration would be at its minimum. Managers therefore would not have incentives to report untruthfully. However, claimholders would generally demand an audit for a good company performance. Cf. *Wagenhofer/Ewert* (2015), pp. 425 f.

59 Cf. *Antle* (1982), pp. 503 ff.; *Antle* (1984), p. 2; *Ewert/Stefani* (2001), pp. 166 ff.

2.1.2.2 The Auditor as an Economic Agent[60]

The assumption that the auditor is not a rational actor in the market is highly disputable. *"If the owner hires an auditor to make sure that the manager is not cheating him, how is the owner assured that the auditor is not also cheating him by not delivering the agreed upon level of auditing services?"*[61] Empirical evidence suggests that the auditor considers economic aspects when issuing an audit report.[62] Modeling the auditor as a utility-maximizer (economic agent) may give rise to an additional moral hazard problem, which creates another source of agency costs.[63] The auditor incurs work effort for an audit. Work effort in turn, is associated with costs for the auditor and tends to be minimized.[64] Claimholders are assumed not to be able to observe the incurred work effort of the auditor.[65] In such a setting, the auditor has no incentives to exert any work effort in order to verify the managers' report. The auditor would simply present a report that maximizes audit fees.[66] Moreover, if managers are also able to observe the result of the audit, it cannot be excluded that managers act in collusion with the auditor.[67] They could agree on an audit report that would be beneficial for both.[68] An audit would be of no value since claimholders do not have any means to control the auditor and therefore the truthfulness of the audit report.[69] Only if claimholders have

---

60 The seminal work of *Antle* (1982) is not discussed since he assumes that the auditor's and managers' reports are simultaneously disclosed. In that situation, a control mechanism is not required because the managers' report could be used to verify the auditor's reports and vice versa. In the context of financial statements audits, however, the auditor is to judge whether the financial statements are in all material aspects in accordance with the applicable financial reporting framework, which requires that the managers' report has already been made available. Cf. *Antle* (1982), pp. 516, 520 ff.; IDW PS 200.8 ff. (status as of June 6th, 2000); ISA 200.5, .11a (status as of December 15th, 2009). For a short overview and further implications, see *Wagenhofer/Ewert* (2015), p. 430.

61 *Baiman* (1979), p. 29.

62 For an overview, see *Carson et al.* (2013), pp. 360 f.

63 Cf. *Gjesdal* (1981), p. 218; *Baiman et al.* (1987), p. 217.

64 Cf. *Antle* (1980), p. 45; *Baiman et al.* (1987), p. 219.

65 Cf. *Baiman et al.* (1987), p. 217.

66 Cf. *Ewert* (1990), pp. 141 ff.; *Wagenhofer/Ewert* (2015), pp. 426 f. The work effort incurred by the auditor does not depend on the remuneration scheme. A fixed remuneration scheme as well as a remuneration based on the audit report do not provide incentives to incur high levels of work effort. Cf. *Ewert* (1990), pp. 141 ff.

67 The ability of managers to observe the result prior to claimholders may also impair the perceived value of an audit. Cf. *Ewert/Stefani* (2001), p. 173.

68 Cf. *Ewert/Stefani* (2001), p. 167.

69 Cf. *Ewert* (1990), pp. 150 f.

means to somehow observe the incurred work effort of the auditor and can sanction deviant behavior, an audit is of value. Control mechanisms can provide a signal that allows claimholders to somehow infer the incurred work effort of the auditor.[70] Such signals would induce more truthful reporting of the auditor. Practically, the detection of manipulations of financial statements after business failure, subsequent detected fraudulent actions, which remained undetected by the auditor, or litigation against the auditor can be viewed as signals.[71] Furthermore, disclosed audit fees could be used as an indicator for the incurred work effort of the auditor.[72]

The results of the theoretical models cannot be directly applied to real world scenarios due to the restrictions that are inherent to the models. For example, the assumption of a perfect control mechanism to monitor the auditor is controversial.[73] However, what these models can show is that even in a setting with favorable assumptions, the auditor is subject to a moral hazard problem.[74] A moral hazard problem in the context of auditing can be regarded as a threat to the auditor's independence that impacts the quality of an audit.[75] In order to examine factors that might influence the quality of an audit, the following sections discuss the concept and drivers of audit quality.

2.2 Concept and Drivers of Audit Quality

As discussed in the previous sections, auditing is a mechanism to detect deviations from GAAP. A major function of an audit is to provide claimholders or other financial statements users with an expert opinion as to whether the company's financial statements are in line with the applicable reporting framework.[76] Failing to detect and report material deviations/misstatements in the financial statements may indicate low audit quality.[77] In the following

---

70 Cf. *Ewert* (1990), p. 151; *Wagenhofer/Ewert* (2015), pp. 428 f.
71 Cf. *Ewert/Stefani* (2001), p. 169.
72 Cf. *Stein et al.* (1994), p. 248; *Francis* (2011), p. 138.
73 Cf. *Ewert* (1990), p. 158.
74 Such assumptions include the knowledge of the principals' properties with regard to the decision problems as well as knowledge about the personal attributes of agents. Cf. *Ballwieser* (1987), p. 344; *Ewert* (1990), p. 162.
75 Cf. *Ewert* (1990), p. 145.
76 Cf. *Ng* (1978), p. 917; *Ng/Stoeckenius* (1979), pp. 10 f.; *Antle* (1982), p. 512.
77 Cf. *IAASB* (2014), pp. 4, 37.

sections, different definitions of audit quality are viewed and factors determining audit quality are discussed in more detail.

2.2.1 Definitions of Audit Quality

A general understanding of audit quality is that the outcome is conditional upon the presence of certain attributes of the auditor.[78] Although such a consensus exists, there is no single agreed definition of audit quality that can be used as the benchmark against which the quality of an audit can be assessed.[79] The lack of consensus is due to different perceptions of various stakeholder groups in the financial reporting process, such as auditors, regulators, or society, as to what constitutes audit quality. Depending on "*whose eyes one looks through*"[80], different types of benchmarks might be used in order to measure and assess audit quality. For example, an audit firm might define high audit quality as work that can be defended in the court of law, whereas an audit partner might define high audit quality as complying with the audit firm's audit methodology. Society may define high audit quality as avoidance of economic problems for the company or the market.[81]

Due to the variety of stakeholder perceptions, a broad range of definitions for audit quality has been posited.[82] A definition that has been widely accepted in the auditing literature is proposed by *DeAngelo*. Audit quality is defined therein as "*the market-assessed joint probability that a given auditor will both (a) discover a breach in the client's accounting system, and (b) report the breach.*"[83] The first component addresses the competence and relates to the auditor's technological capabilities, the employed audit procedures, the extent of sampling, etc. The second component is a measure of the auditor's independence.[84] Other prevalent definitions include the degree to which an

---

78 Cf. *Knechel et al.* (2013), p. 387.
79 Cf. *ibid.*, pp. 387 f.; *IAASB* (2014), p. 2.
80 *ibid.*, p. 387.
81 Cf. *ibid.*, pp. 385 f.
82 Cf. *ibid.*, pp. 387 ff.
83 *DeAngelo* (1981b), p. 186.
84 Cf. *DeAngelo* (1981b), p. 186. Both probabilities are in reality unlikely to be separable. The intensity of searching for a breach depends on the willingness of the auditor to disclose that breach. However, for reasons of simplicity both probabilities are treated as independent from each other. Cf. *DeAngelo* (1981a), footnote 3.

audit conforms to applicable auditing standards, with material deviations from the standard reflecting poor audit quality,[85] the accuracy and reliability of the information reported by the auditor,[86] or the absence of successful litigations against the auditor.[87] The above-presented definitions are not entirely identical, however, they all have in common that, to varying degrees, aspects of competence and independence are considered and therefore reflect the definition of audit quality proposed by *DeAngelo*.[88]

2.2.2 Drivers of Audit Quality

Competence and independence are important factors when assessing audit quality. Both components exist at audit firm as well as at individual audit partner level. Quality controls within the audit firm, such as governance arrangements to safeguard the audit firm's independence, sufficient training of audit partners and staff on audit, the supervision of audit work of the engagement partner and the audit team by a reviewing partner, the audit methodology that engagement team members make use of during the audit, a culture that stresses the importance of audit quality and that the audit is performed in the wider public interest, as well as structuring the engagement team properly, are all measures that can have an effect on the audit firm's level of competence and independence. The effects of these measures are also likely to "trickle down" to individual audit partner level and can set favorable conditions for the audit partner's level of competence and independence (e.g. values, ethics and attitudes).[89] In the following sections, drivers of competence and independence are discussed in more detail.

---

85 Cf. *GAO* (2003), footnote 14; *Francis* (2004), p. 388; *Watkins et al.* (2004), p. 153; *Knechel et al.* (2013), p. 388.

86 Cf. *Davidson/Neu* (1993), pp. 481 f.; *Watkins et al.* (2004), p. 153; *Behn et al.* (2008), pp. 329 f.; *Knechel et al.* (2013), p. 388.

87 Cf. *Palmrose* (1988), p. 56; *Khurana/Raman* (2004), pp. 476 f.; *Francis* (2011), p. 476.

88 Cf. *DeAngelo* (1981b), p. 186; *Watkins et al.* (2004), pp. 153 f.

89 Cf. *FRC* (2008), pp. 3 ff.; *Francis* (2011), pp. 134 ff.; *IAASB* (2014), pp. 8 ff. Other factors are the applicable financial reporting frameworks, cultural particularities, corporate governance requirements, or exposure to litigation risks. These factors are likely to differ across different countries and affect audit quality. For example, *Doupnik/Richter* (2003) report that cultural effects, such as uncertainty avoidance, influence the way certain accounting standards are interpreted. Cf. *ibid.*, pp. 15 ff.; *IAASB* (2014), pp. 26 ff.

2.2.2.1 The Auditor's Competence

In general, competence refers to the probability that the auditor detects a breach in the client's accounting system. Whether the auditor detects a breach depends on the technological capabilities, the employed audit procedures, the extent of sampling, etc.[90] The level of the auditor's competence is determined by knowledge and expertise, which are acquired through task-related encounters (work experience). Knowledge refers to general domain knowledge, e.g. knowledge of applicable accounting standards, auditing standards, or the flow of transactions through an accounting system, and is acquired through formal training or general work experience. Expertise, however, also includes subspecialty knowledge, such as client-specific knowledge or specific industry knowledge, which is acquired through repeated experience with a specific client, or clients of a specific industry. Since task-specific experiences can vary between auditors due to exposure to different types of clients or different training, auditors with the same level of general experience can exhibit different levels expertise.[91]

At audit firm level, knowledge and expertise can be built up by investing in audit technologies, industry-specific databases, checklists, physical facilities, personnel, and organizational control systems. This can result in a more comprehensive knowledge of a specific industry, including greater knowledge of industry-specific accounting practices.[92] An audit firm with a higher level of industry expertise might therefore possess a deeper knowledge, which can positively affect the level of competence.[93] Audit firm policies that promote professional development, learning opportunities for less experienced staff, or specialized training for specific industry issues can favor the process of

---

90 Cf. *DeAngelo* (1981b), p. 186.
91 Cf. *Bonner/Lewis* (1990), pp. 3 ff.; *Libby* (1995), pp. 180, 194 ff.; *Zerni* (2012), p. 317.
92 Cf. *Zerni* (2012), p. 317.
93 Cf. *Francis* (2004), p. 354.

building up individual audit partner's level of knowledge and expertise.[94] The level of expertise, however, also depends on the individual audit partner's innate abilities that include recognizing relationships, interpreting data, and analytical reasoning.[95] The magnitude of knowledge and expertise that can be built up and passed on to the individual audit partner is argued to depend on the size of the audit firm. A larger audit firm can set more favorable conditions for building up industry expertise since the greater client base provides more opportunities to accumulate (general as well as) subspecialty knowledge.[96]

The level of knowledge and expertise of the individual audit partner can impact the effectiveness of the audit process. Each audit engagement is unique due to differing business plans, business fields, transactions, managers' incentives, and internal control systems. The idiosyncratic nature of each client requires the audit partner to exercise considerable judgment during the audit process.[97] The quality of the auditor's judgments has therefore direct bearings on audit quality.[98] A higher level of work experience, for example, is associated with greater persuasion knowledge, which includes beliefs about the goals and incentives of the source of information.[99] Persuasion knowledge allows the audit partner to see through managers' ulterior motives and tactics when managers attempt to yield influence on the audit partner's judgment.[100] A higher level of persuasion knowledge has the effect that the audit partner discounts managers' information to a greater extent when being congruent to the managers' self-interest.[101] A higher level of expertise, for example in a

---

94 Cf. *IAASB* (2014), pp. 10, 49 ff. Audit firm expertise is not equal to audit partner expertise since the individual audit partner still needs to use his/her own judgment when conducting the audit. Furthermore, *Ferguson et al.* (2003) argue that, although some aspects of industry expertise are present at audit firm level, such as databases or tailored audit programs, deep industry knowledge rests within the individual audit partner, and thus, within the audit firm office in which the audit partner works. Cf. *Ferguson et al.* (2003), p. 425; *Zerni* (2012), pp. 316 f.

95 Cf. *Bonner/Lewis* (1990), p. 6.

96 Cf. *Francis* (2004), p. 354.

97 Cf. *Francis* (2011), pp. 136 f.; *Knechel et al.* (2013), pp. 390 ff.; *IAASB* (2014), p. 12.

98 Cf. *Knechel et al.* (2013), p. 393.

99 Cf. *Friestad/Wright* (1994), pp. 4 f.; *Anderson et al.* (2004), p. 14; *Kaplan et al.* (2008), pp. 67 ff.

100 Cf. *Anderson et al.* (2004), p. 15; *Kaplan et al.* (2008), p. 72.

101 Cf. *Haynes et al.* (1998), pp. 88 ff.; *Kaplan et al.* (2008), pp. 77 f.

specific industry, is associated with superior audit judgment, which can positively affect the audit process.[102] Furthermore, the audit firm's audit methodology can contribute to a consistent compliance with auditing standards across individual audit partners.[103]

2.2.2.2 The Auditor's Independence

The auditor's independence refers to the probability that the auditor will report a detected breach in the client's accounting system.[104] Independence addresses the integrity, objectivity, and the professional skepticism of the auditor.[105] Integrity demands from the auditor to be straightforward and honest in all professional and business relationships, while objectivity requires the auditor's judgment not to be compromised by bias, conflicts of interest, or undue influence from others. Professional skepticism models an attitude of a questioning mind, i.e. the critical assessment of collected audit evidence and being alert to conditions that might indicate possible misstatements.[106] The auditor's level of independence is assumed to be inversely related to the economic incentives.[107] The origin of threats to the auditor's independence are client-specific quasi-rents, which are defined as the "*excess of revenues over avoidable costs.*"[108] Client-specific quasi-rents create incentives for the auditor to lower the level of independence in order to retain a client for future periods.[109] These incentives arise due to start-up costs associated with initial audit engagements and transaction costs when changing auditors. The auditor incurs start-up costs in getting to know the client's operations and accounting system. In addition, checking the initial balance sheet accounts imposes further costs on the auditor. The client in turn incurs costs to search for a new auditor

---

102 Cf. *Bonner/Lewis* (1990), pp. 2 ff.; *Libby* (1995), pp. 194 ff.

103 Overly prescriptive audit methodologies may lead to insufficient consideration of the idiosyncratic nature of each client, and thus, reducing the quality of auditor judgment. Cf. *Dowling/Leech* (2007), pp. 101 ff.; *IAASB* (2014), p. 56.

104 Cf. *DeAngelo* (1981b), p. 186; *Knechel et al.* (2013), pp. 387 f.; *IAASB* (2014), p. 8.

105 Cf. Ethics sec. 290.6; *Knechel et al.* (2013), p. 388; *IAASB* (2014), p. 40.

106 Cf. IFAC Glossary of Terms.

107 Cf. *Knechel et al.* (2013), p. 391.

108 *DeAngelo* (1981a), p. 116.

109 Cf. *ibid.*, p. 116; *DeAngelo* (1981b), p. 189. The probability of detecting a breach in the client's accounting system is assumed to be positive and fixed. Cf. *DeAngelo* (1981a), pp. 115 f.

and to train the newly-appointed auditor.[110] Start-up and transaction costs give the incumbent auditor a technological advantage on future audits over other competitors in the market. These advantages represent a shared asset and are specific to the auditor and the particular client, i.e. the value of the alternative use is zero.[111] The existence of a shared asset leads to a bilateral monopoly, in which both parties have incentives to continue the established relationship. Terminating the relationship would impose real costs on both sides. The incumbent auditor loses the wealth equivalent to the client-specific quasi-rent stream, and the client bears the costs of searching and training a new auditor.[112] Both parties can potentially gain from the threat of termination.[113] The client can extract accounting concessions from the incumbent auditor, and the auditor can raise audit fees above the avoidable costs of audit production.[114] Therefore, the potential loss of future client-specific quasi-rents due to the termination of the audit contract might lead to a lower probability that the auditor reports a detected breach.[115]

Governance arrangements implemented by the audit firm, such as promoting a culture that stresses the importance of the role of the audit in the public interest and the importance of independence by establishing the appropriate "tone at the top", as well as the employed audit methodology can influence the level of independence. These policies can be used to remind the audit partner to apply professional skepticism and exercise appropriate professional

---

110 Cf. *Arens/Lobbecke* (1976), p. 100; *DeAngelo* (1981a), footnote 9; *DeAngelo* (1981b), pp. 187 f.; *Daugherty et al.* (2012), p. 106.

111 Cf. *DeAngelo* (1981a), p. 118, footnote 10.

112 Cf. *DeAngelo* (1981b), p. 188.

113 Cf. *DeAngelo* (1981a), p. 118.

114 Another implication of client-specific quasi-rents is setting initial fees below current total costs (low-balling) in the anticipation of earning client-specific quasi-rents. The price difference exists due to the competitive audit market, and are treated in the model of *DeAngelo* as sunk costs that do not affect subsequent decision-making of the auditor. Whether sunk costs affect or do not affect subsequent decision making processes, however, is not clear. Cf. *DeAngelo* (1981a), pp. 118 f.; *Simon/Francis* (1988), pp. 266 f.

115 Cf. *DeAngelo* (1981a), p. 118; *DeAngelo* (1981b), pp. 189, 191 f.

judgment, which can positively affect the level of independence.[116] The individual audit partner's level of professional skepticism is found to affect the quality of an audit by influencing the judgments and subsequent actions.[117] A higher level of professional skepticism is associated with a "*heightened assessment of the risk that an assertion is incorrect* […]."[118] Hence, an audit partner with a higher level of professional skepticism needs relatively more persuasive evidence in order to conclude that an assertion is correct, and is also less likely to succumb to client's preferences.[119]

The number of clients of the audit firm or audit partner is argued to have an effect on the level of independence. The value of the total collateral increases with the client base. Getting caught if detecting a breach, and not reporting that breach due to succumbing to client's wishes, can lead to the (partial) loss of the quasi-rents through termination by the other client(s) and through reduced fees from continuing clients. An audit firm or audit partner with a greater client base has therefore more to lose if getting caught.[120] The value of the quasi-rents from the other clients therefore functions as a collateral.[121] Conceptually related to the model of *DeAngelo* is the reputation model of *Klein/Leffler*. They argue that brand names carry reputational information that enables the carrier of brand names to differentiate himself/herself from other competitors in the market and collect premium rental streams. The premium rental streams are expected quasi-rents on future sales, and represent a collateral for the carrier of the brand name to provide the expected quality. If lower than expected quality is provided, clients will not be willing to pay a premium

---

116 Cf. *IAASB* (2014), pp. 9, 42 ff. For example, stressing the importance of professional skepticism leads to higher risk assessment when strong fraud risk indicators are present. Cf. *Carpenter/Reimers* (2013), pp. 47, 56 ff.; For a comprehensive overview of professional skepticism, see *Nelson* (2009), pp. 1 ff.; *Hurtt et al.* (2013), pp. 45 ff.

117 Cf. *Hurtt et al.* (2013), p. 71.

118 *Nelson* (2009), p. 4.

119 Cf. *ibid.*, p. 4; *Brown-Liburd et al.* (2013), pp. 312, 316 ff.

120 *DeAngelo* further notes that the value that the auditor stands to lose also depends on the probability of getting caught. If the probability of detection were zero, than the net gain for the audit firm in retaining a troubled client is always positive. Cf. *DeAngelo* (1981b), footnote 21.

121 Cf. *DeAngelo* (1981b), pp. 189 ff. The probability of detecting a breach is positive and fixed. Cf. *DeAngelo* (1981a), pp. 115 f.

fee in future periods, thus, the anticipated future quasi-rents will be lost.[122] Applied to the auditing context, building brand names to promote high audit quality, e.g. by investing into auditing technology or creating industry expertise, creates a vital professional asset that leads to differentiation from other competitors in the audit market. Reputational effects, such as brand names (e.g. Big4 audit firms) or promoted industry expertise, allows the collection of audit fee premium. The provision of lower than expected audit quality can result in the loss of current clients, potential future clients, as well as in difficulties in retaining and recruiting highly-qualified personnel. Therefore, reputational information of the auditor functions as a collateral to provide high audit quality.[123]

2.2.3 Effect of Auditor Tenure on Audit Quality

As outlined in the previous sections, the competence of the auditor is, amongst others, a function of the auditor's knowledge and expertise. General domain knowledge is likely to increase with auditor tenure, which may enhance the level of the auditor's competence. However, the idiosyncratic nature of the client requires the audit process to be tailored to each client.[124] Client-specific knowledge, e.g. in-depth knowledge about the client's accounting system and business field, helps the auditor to properly identify and assess potential risks, to plan and perform audit procedures, as well as to express an appropriate audit opinion.[125] The relevant client-specific knowledge is assumed to be accumulated over the engagement period. In the early periods of the audit engagement, the lack of client-specific knowledge may lead to a lower probability of detecting a breach in the client's accounting system. With ongoing tenure, accumulated client-specific knowledge increases the

---

122 Cf. *Klein/Leffler* (1981), pp. 625 ff. A critical assumption of the model is the existence of costless information. Cf. *ibid.*, p. 625.

123 Cf. *Khurana/Raman* (2004), pp. 476 f.; *Lim/Tan* (2010), pp. 928 f.; *Zerni* (2012), p. 320.

124 Cf. *IAASB* (2014), pp. 12, 56.

125 Cf. *Johnson et al.* (2002), pp. 641 f.

level of the auditor's competence.[126] In contrast to the auditor's level of competence, the level of independence is inversely related to auditor tenure. As discussed above, client-specific quasi-rents are a potential source of threats to the auditor's independence. Future quasi-rents due to an ongoing auditor-client relationship might lead the auditor to lower the level of independence. The effect of auditor tenure on audit quality is therefore ambivalent.

2.3 Institutional Background

Since financial statements users cannot judge whether the financial statements are in accordance with the applicable reporting framework, the German Commercial Code (HGB) requires that the auditor is to express an audit opinion on whether the disclosed information in the financial statements complies with the applicable reporting framework.[127] However, the auditor is subject to moral hazard problems. This might negatively affect the quality of the audit (→ 2.1.2.2). Therefore, regulatory as well as professional bodies have implemented various safeguards to countervail detrimental effects on audit quality. The following sections outline the regulatory requirements with regard to the statutory audit (→ 2.3.1) as well as the process of the appointment of the auditor (→ 2.3.2) in Germany. Section 2.3.3 then discusses the regulatory safeguards. The last section provides a brief description of the current developments in the European Union on the statutory audit (→ 2.3.4).

2.3.1 Statutory Audit

German law requires a capital market-oriented company that is subject to preparing consolidated financial statements,[128] to prepare those statements in accordance with the International Financial Reporting Standards (IFRS).[129] Furthermore, the IFRS consolidated financial statements must be accompanied

---

126 Cf. *Catanach/Walker* (1999), p. 45; *Johnson et al.* (2002), pp. 641 f.; *Carcello/Nagy* (2004), p. 58; *Stanley/DeZoort* (2007), pp. 134 f.

127 Cf. *Ballwieser* (1987), p. 328; sec. 316 HGB.

128 These are companies meeting the requirements of sec. 290 HGB.

129 Cf. sec. 315a I, II HGB. This requirement was mandated by the Regulation (EC) No. 1606/2002 and has been effective for fiscal years beginning on or after January 1st, 2005.

by a *Lagebericht*, which is a management report.[130] The *Lagebericht* provides additional information about the company's current and previous reporting periods, as well as management's evaluations about risk, opportunities, and future developments.[131] The consolidated financial statements as well as the *Lagebericht* are subject to an audit according to sec. 316 II HGB.[132] The objective of the audit of consolidated financial statements is to verify whether inaccuracies and violations that materially impact the presentation of the net worth, financial position, and earnings situation of the consolidated financial statements (in compliance with the principles of proper bookkeeping) are identified with reasonable certainty. With regard to the *Lagebericht*, the objective of the audit is to verify whether the information provided in the *Lagebericht* is consistent with information in the consolidated financial statements and whether the *Lagebericht* reflects a true and fair view of the company's situation.[133,134] Consistent with sec. 317 I HGB, the objective of the audit on an international level is to obtain reasonable assurance that the disclosed financial statements as a whole are free from material misstatements.[135]

---

130 Cf. sec. 290 I HGB. The *Lagebericht* is an additional reporting instrument required by the HGB and is not part of IFRS consolidated financial statements. Cf. *Ratzinger-Sakel* (2013), p. 132.

131 Cf. sec. 289 I, II HGB; *Ratzinger-Sakel* (2013), p. 132. For a more detailed description, see *Marten et al.* (2011), pp. 602 ff.

132 For a more detailed overview of corporations that are subject to a mandatory audit, see *Marten et al.* (2011), pp. 15 f., 630 ff.

133 Cf. sec. 317, I, II HGB. Furthermore, the auditor is to evaluate whether management has implemented in accordance with sec. 91 II AktG a monitoring system to ensure the timely identification of developments that might threaten the existence of the company. Cf. sec. 317 IV HGB (unless otherwise stated, the cited norms of the AktG are in the version dated July 23rd, 2013).

134 The nature and the scope of the audit are regulated by the HGB and the WPO. Both are legal norms and are therefore legally binding for the auditor. The requirements for the auditor as well as the audit process are not regulated exhaustively in the HGB and the WPO. The BS WP/vBP and the IDW PS further specify the requirements of the HGB and the WPO, especially with regard to the professional duties and the audit process. The VO1/2006, which is a joint statement of the professional bodies WPK and IDW, provides guidance for audit firms on the subject of internal quality assurance. On international level, the IFAC pronounces requirements set out for the audit. Norms with regard to the professional duties and the audit process are set out in the Code of Ethics and the International Standards on Auditing (ISA), respectively. Guidance for the internal quality assurance for audit firms are laid out in the International Standard on Quality Control 1 (ISQC 1). For an in-depth description of the legal binding of the different norms and statements, see *Marten et al.* (2011), pp. 100 ff.

135 Cf. ISA 200.5.

The conclusion of the audit (audit opinion) is to be expressed in the audit report. The audit opinion can be expressed as (1) an *unmodified opinion* if the auditor concludes that the financial statements are prepared, in all material aspects, in accordance with the applicable financial reporting framework; (2) a *modified opinion* if the auditor concludes that the financial statements as a whole are not free from material misstatements, or is unable to obtain sufficient appropriate audit evidences to draw a conclusion; (3) an *adverse opinion* if the auditor has obtained sufficient appropriate audit evidence, and concludes that the misstatements are material and pervasive to the financial statements, or if the auditor is unable to obtain sufficient appropriate audit evidence to form an opinion, and concludes that the possible effects of undetected misstatements could be material and pervasive.[136]

Furthermore, the auditor is to assess whether management's use of the going-concern assumption in the preparation of the financial statements is appropriate and to conclude whether material uncertainty of the entity's ability to continue as a going-concern exists.[137,138] The assessment of the going-concern assumption is to cover at least 12 months from the date of the published financial statements.[139] If the auditor comes to the conclusion that the going-concern assumption is appropriate but material uncertainty about the ability of the entity to continue as a going-concern exists, the auditor is to evaluate whether management has adequately disclosed the existence of the going-concern uncertainties.[140] If the going-concern uncertainties are adequately

---

136 Cf. sec. 322 HGB; IDW PS 400.42 ff. (status as of November 28th, 2014); ISA 700.16 ff. (status as of December 15th, 2009), 705.7 ff. (status as of December 15th, 2009).

137 Cf. IDW PS 270.13 (status as of September 9th, 2010); ISA 570.6 (status as of December 15th, 2009). The requirements in IDW PS 270 and ISA 570 basically correspond to each other. However, IDW PS 270 contains additional requirements. Further requirements include a confidential audit report (the "long-form" audit report) and the *Lagebericht* that includes the *Risikobericht*. Both additional reporting instruments are subject to an audit.

138 If the going-concern assumption is deemed to be inappropriate and the financial statements are drawn up on a going-concern basis, the auditor is to express an adverse opinion. Cf. IDW PS 270.41; ISA 570.21.

139 Cf. IDW PS 270.8; ISA 570.13.

140 Cf. IDW PS 270.34; ISA 570.18.

disclosed, the auditor is to express an unmodified audit opinion with an emphasis of matter (to highlight material uncertainty).[141] If management has not disclosed adequately the going-concern uncertainties, then the auditor is to express a qualified opinion.[142]

A unique feature of the German audit report is that not only the name of the audit firm but also the name of the engagement partner is disclosed.[143] Furthermore, it is common German audit practice that the review partner of the engagement also signs the audit report. Generally, the engagement partner signs the lower right side of the audit report, while the review partner sets the signature on the lower left side.[144] The engagement partner carries the overall responsibility for the planning and performance of the audit, as well as for the expressed audit opinion.[145] The review partner functions as a report critique during the audit. The responsibility of the review partner is to judge whether there are indications that the audit was not carried out in accordance with the statutory or professional rules, and whether material issues that came up during the audit were appropriately dealt with.[146] This requires that the review partner has obtained information about the fundamental content of the audit opinion, the structure of the audit, and key issues that came up during the audit.[147] Due to the nature of the review partner as a report critique, only audit partners that do not significantly collaborate and who are not significantly involved in the preparation of the audit report are eligible as review partners.[148]

2.3.2 Appointment of the Auditor

An audit engagement for a publicly traded German company can only be carried out by a Certified Public Accountant (*Wirtschaftspruefer*) or an audit firm that has completed a quality control in accordance with section 57a of

---

141 Cf. sec. 322 II 3 HGB; IDW PS 270.36; ISA 570.19.

142 Cf. IDW PS 270.37; ISA 570.20. In accordance with ISA 570.20, the auditor can also express an adverse opinion if going-concern uncertainties are not adequately disclosed. Insofar national and international auditing standards differ from each other.

143 Cf. sec. 322 VII HGB; sec. 27a I BS WP/vBP.

144 Cf. Grounds for Individual Rules on sec. 27a I BS WP/vBP.

145 Cf. sec. 24a, b BS WP/vBP; *Gelhausen* (2007), p. 60.

146 Cf. sec. 24d II BS WP/vBP.

147 Cf. *Gelhausen* (2007), p. 60; *Gold et al.* (2012), p. 14.

148 Cf. sec 24d II BS WP/vBP; Grounds for Individual Rules on sec. 24d II BS WP/vBP.

the WPO (status as of August 7th, 2013).[149] The auditor is appointed by the general meeting of the shareholders on recommendation of the supervisory board.[150] If an audit committee has been implemented,[151] the proposal of the supervisory board must be based on the recommendation of the audit committee.[152] After the appointment, the supervisory board issues the audit assignment,[153] which includes an audit assignment letter that records, amongst others, the objective and scope of the audit, the responsibilities of the auditor, or the basis on which fees are computed (terms of the audit engagement).[154] The audit assignment itself is to be issued before the end of the reporting period in which the audit activities are to be carried out, i.e. a multi-year appointment of the same auditor is not possible.[155]

The appointment and the acceptance of the audit engagement is a legally binding contract.[156] The termination of the assignment is possible in only two circumstances, either by resignation or dismissal of the auditor.[157] A resignation is only permitted by law if substantial reasons, such as subsequent discovery of grounds for exclusion in accordance with sec. 319, 319a HGB (→ 2.3.3.2), the revocation of the appointment as a Certified Public Accountant, massive obstructions, or undue influence in performing the audit by management or other personnel of the entity, exist.[158] Hence, mere differences of opinion over the content or modification of the audit opinion do not justify a resignation.[159] The auditor can only be dismissed and replaced by court order. A termination

---

149 Cf. sec. 319 II HGB. For a more detailed account regarding the access to the profession of certified public accountants as well as the recognition as an audit firm Cf. *Marten et al.* (2011), p. 57 ff.

150 Cf. sec. 119 I No. 4 AktG in conjunction with sec. 318 II 1 HGB; sec.124 III 1 AktG.

151 Publicly traded companies within the meaning of sec. 264d HGB have to form an audit committee if the supervisory or administrative board does not meet the requirements of sec. 100 V AktG. Cf. sec. 324 HGB.

152 Cf. sec. 124 III 4 AktG.

153 Cf. sec. 111 II 3 AktG; sec. 318 I 4 HGB.

154 Cf. IDW PS 220.19 f. (status as of September 9th, 2009); ISA 210.10 (status as of December 15th, 2009) in conjunction with ISA 210.A23 f.

155 Cf. sec. 318 I 3 HGB.

156 Cf. IDW PS 220.5.

157 Cf. sec. 318 III, VI 1 HGB.

158 Cf. *Marten et al.* (2011), p. 237.

159 Cf. sec. 318 VI 2 HGB.

of the engagement contract by the client is therefore not possible.[160] Grounds for a termination include the apprehension of bias that arose or were discovered subsequently or the lack of engagement-specific knowledge of the auditor.[161] If the auditor has been withdrawn from the audit assignment by court order, the newly appointed auditor is only to accept the engagement if the grounds for termination have been identified.[162]

2.3.3 Regulatory Safeguards

As stated in section 2.3.1, the purpose of the audit is to enhance the degree of confidence in the information provided in the financial statements and the management report and to express an opinion whether the financial statements are in all material aspects in accordance with the applicable financial reporting framework.[163] When conducting an audit, the auditor is subject to various threats that have an effect on the competence and independence. Amongst others, the tenure of the auditor-client relationship is argued to affect the level of competence and independence (→ 2.2.3). To countervail potential threats that the auditor is subject to, various regulatory safeguards at audit firm and audit partner level are in place.

2.3.3.1 Classification of Threats to Independence

Threats to the auditor's independence fall into one or more of the following categories: self-interest threats, self-review threats, advocacy threats, familiarity threats, and intimidation threats.[164,165] *Self-interest threats* may be present due to the auditor having financial or other interests leading the auditor to compromise the professional judgment or behavior.[166] Matters that might

---

160 Cf. sec. 318 I 5, III HGB. A request for termination can be filed with the court by those charged with governance, the supervisory board, or a qualified minority of the shareholders. Cf. section 318 II 1 HGB.

161 Cf. *Schmidt/Heinz* (2014), sec. 318 HGB, recital 17 ff.

162 Cf. sec. 26 I BS WP/vBP.

163 Cf. IDW PS 200.8 ff.; ISA 200.3 ff.

164 Cf. sec. 23 f. BS WP/vBP; Ethics sec. 100.12 ff. Intimidation threats are not separately listed since sec. 318 I 5 HGB already prescribes that the auditor is to resign if undue influence is exercised or intimidation is present. Cf. Grounds for Individual Rules on sec. 21 BS WP/vBP.

165 The categories are not mutually exclusive. A circumstance that poses a threat may fall into different categories simultaneously. Cf. e.g Ethics sec. 290.143, .182.

166 Cf. sec. 23 BS WP/vBP; Ethics sec. 100.12a.

present threats are, for example, the audit partner having direct or indirect material financial interests in the assurance client,[167] the audit firm having undue dependence on total fees from the client,[168] or the audit firm's concern of losing a significant client.[169] Furthermore, the provision of non-assurance services may pose threats to independence.[170]

Self-review threats refer to risks that the auditor will not appropriately evaluate the results of a previous judgment made or service made, or by another audit partner within the same audit firm, on which the auditor will rely when forming a judgment as part of providing a current service.[171] Circumstances that may create self-review threats include the audit firm providing an assurance on the effectiveness of the operation of financial systems after designing or implementing the system (e.g. the implementation of IT-systems that are related to internal control over financial reporting),[172] the audit firm preparing the original data used to generate records that are the subject matter of the assurance (e.g. accounting, bookkeeping, or taxation services),[173] or the audit firm providing a service that directly affects the subject matter information of the assurance engagement.[174]

Advocacy threats refer to threats that the auditor will promote a client's position to the point that the auditor's objectivity is compromised.[175] Examples in which advocacy threats may be present are the audit firm promoting shares in an audit client, the audit partner being a legal representative of the client in litigation, and disputes with third parties (e.g. where the auditor acts as an expert witness or the auditor calculates estimated damages that might become receivable or payable as the result of litigation).[176]

---

167 Cf. sec. 23 I No. 1 BS/vBP; Ethics sec. 200.4.
168 Cf. sec. 23 I No. 2 BS WP/vBP; Ethics sec. 200.4, 290.220 ff.
169 Cf. Ethics sec. 200.4.
170 Cf. Ethics sec. 290.156.
171 Cf. sec. 23a I BS WP/vBP; Ethics sec. 100.12b.
172 Cf. Ethics sec. 200.5, 290.202a.
173 Cf. sec. 23a III BS WP/vBP; Ethics sec. 200.5, 290.167 ff., 290.181 ff.
174 Cf. Ethics sec. 200.5.
175 Cf. sec. 23b I BS WP/vBP; Ethics sec. 100.12c.
176 Cf. sec. 23b II BS WP/vBP; Ethics sec. 200.6, 290.207.

Familiarity threats may be present due to a long or close relationship with a client or employer, which may lead the auditor to being too sympathetic to their interests or too accepting of their work.[177] Matters that may create familiarity threats are senior personnel having a long association with the client, a member of the engagement team having personal ties with the client, as well as family members working as an employee for the client and being in a position to exert significant influence over the subject matter or the acceptance of gifts or preferential treatment.[178]

Intimidation threats refer to risks that the auditor will be deterred from acting objectively due to actual or perceived pressure from the client.[179] Circumstances, which may indicate intimidation threats are the audit firm being threatened to be dismissed or not to be reappointed in future periods, the audit firm threatened with not awarding planned non-assurance services, or the audit partner being informed by the audit firm that a planned promotion will not occur unless yielding to the client's demand of inappropriate accounting treatment.[180]

2.3.3.2 Safeguards Designated by the Legislators

Sec. 319, 319a HGB enumerate circumstances that undoubtedly lead to the refusal of an engagement for a company of public interest. These circumstances address one or more of the four threats that the auditor is subject to. To countervail self-review threats, sec. 319, 319a HGB enumerate situations in which the auditor's independence is assumed to be compromised. An audit partner that has yielded a significant influence in the generation and implementation of the client's accounting system in the engagement period is prohibited from providing assurance services. The law also excludes an audit partner from the audit if having provided legal and/or taxation services that go beyond the scope of sole identification of possible alternative actions and if having a material and direct effect on the financial position.[181] To limit self-

---

177 Cf. sec. 24 BS WP/vBP; Ethics sec. 100.12d.
178 Cf. Ethics sec. 200.7, 290.230.
179 Cf. Ethics sec. 100.12e.
180 Cf. Ethics sec. 200.8.
181 Legal and/or taxation services can also be subsumed under advocacy threats.

interests and advocacy threats, an audit partner is excluded from the audit of a client if having generated more than 15% of the total income in the last five years from that client, or if holding more than 20% in equity of that client in the year of the engagement. An audit firm is prohibited from performing the audit as well, if the audit firm itself, its legal representatives, or one of the proprietors holds more than 20% in equity in the client. To limit advocacy and familiarity as well as self-interests and intimidation threats, sec. 319a I 4 HGB requires a mandatory rotation of the audit partner if having signed the audit report in 7 or more instances.[182] Furthermore, an audit partner is not allowed to have the remuneration based on the results of the work, or receive payment or receipt as part of a remuneration for brokering engagements.[183]

Additionally, enforcement systems, such as the *Financial Reporting Enforcement Panel* (DPR)[184] and the *Auditor Oversight Commission* (APAK)[185], have been implemented as safeguards (→ 2.1.2.2). The DPR is entrusted with the task of re-examining audited financial reports. The DPR becomes active if there are indications of infringements of applicable financial reporting standards, or becomes proactively active based on random sampling. If a company under DPR scrutiny is unwilling to cooperate, the *Federal Financial Supervisory Authority* (BaFin) intervenes (two-tier enforcement structure).[186] A company that has been found to have published financial statements con-

---

182 In Germany, mandatory audit partner rotation has been implemented in 1998 through the *Gesetz zur Kontrolle und Transparenz im Unternehmensbereich* (KonTraG) which became effective in 2002. An audit partner was required to rotate-off if having signed the audit report six times during a ten-year period. In 2004 the *Bilanzreformgesetz* (BilReG) modified this requirement, henceforth banning an audit partner from providing audit services if having signed the audit report in seven or more instances.

183 Cf. sec. 55 I, II WPO.

184 The legal basis for the DPR is the *Accounting Enforcement Act* which became effective in 2004. The enforcement activities of the DPR began on July 1st, 2005. Cf. *Ernstberger et al.* (2012), p. 220.

185 The APAK was established through the *Auditor Oversight Law* of December 27th, 2004. Cf. *Ernstberger et al.* (2012), p. 220.

186 Only companies which have issued securities in a regulated segment of the German stock exchange market are subject to the enforcement system. Cf. *Ernstberger et al.* (2012), pp. 219 f.

taining material misstatements is forced to publicly disclose an error announcement ("name and shame mechanism").[187] The error announcement also affects the respective audit firm as well as audit partners since both are publicly identifiable in the audit report. The fact that material misstatements have not been detected can potentially damage the reputation of the audit firm and/or the audit partner(s).

The APAK is tasked with disciplinary oversight, the adoption of international auditing standards and quality assurance.[188] Audit firms that have performed more than 25 audits of companies of public interest are subject to the inspection of the APAK. Furthermore, audit firms are also selected on a risk basis.[189] The overall results are reported to the *Chamber of Public Accountants* (WPK), where the findings are assessed. If the WPK and the APAK conclude that negligence of professional duties is present, sanctions, such as advising and instructing members in question,[190] reprimands that may be accompanied by a fine,[191] disciplinary measures that include employment ban for up to five years, or even the exclusion from the profession, can be imposed.[192]

2.3.3.3 Safeguards Designated by the Profession

An audit partner is to refuse an audit engagement if there is actual doubt, or even reason to doubt the audit partner's independence. Thus, an audit partner is to refuse the audit engagement if the independence is actually compromised, or is perceived as being compromised by an informed third party.[193] However, the mere existence of self-interest threats, self-review threats, ad-

---

187 Cf. sec. 37q II 1 WpHG (unless otherwise stated, the cited norms of the WpHG are in the version dated June 22nd, 2011); *Ernstberger et al.* (2012), pp. 219 f.

188 Cf. *Ernstberger et al.* (2012), p. 220.

189 Audit firms with more than 25 audit engagements of public interest entities are subject to annual inspections. Audit firms with fewer than 25 relevant audit engagements are inspected at least every three years. Cf. http://www.apak-aoc.de/index.php/en/inspections (Last Accessed: February 28th, 2015).

190 Cf. sec. 57 II 1 Nr. 1 WPO.

191 Cf. sec. 63 I WPO.

192 Cf. sec. 68 I WPO.

193 Cf. sec. 43, 49 WPO; sec. 21 I, III BS WP/vBP; Ethics sec. 290.6.

vocacy threats, familiarity threats, and/or intimidation threats do not necessarily mean that an audit partner's independence is compromised. If the circumstances themselves for making judgments are obviously not significant, or combined with the safeguards laid out in sec. 22 BS WP/vBP are as a whole assessed as not significant, an audit partner is assumed to be independent. The safeguards in sec. 22 BS WP/vBP mitigate threats that the audit partner's independence is perceived as compromised. Amongst others, the safeguards include discussion with the supervisory bodies or with oversight authorities outside the company as well as transparency provisions.

Furthermore, there are also professional safeguards to ensure that the audit is conducted in compliance with professional standards and applicable regulatory requirements. Only engagements are to be undertaken that ensure that the audit partner is competent to perform the engagement, has the capabilities, including the time and resources, to do so, and has considered the integrity of the client.[194] If the audit assignment is accepted even though doubts about the engagement risks and the client's integrity exist, the audit partner is to document if and how these doubts have been allayed.[195] On recurring audits, the audit partner is to review whether significant matters have occurred that require the revision of the terms of the audit engagement. For example, the consequences of an expansion of the client's business operations into areas where the audit firm does not possess the necessary expertise must be analyzed.[196]

In assessing the engagement risks, the audit partner is to evaluate whether the competence and capabilities required to perform the audit are met. This implies that the audit partner analyzes whether the personnel have the industry-specific knowledge, have sufficient experience with the regulatory or reporting requirements, or have the ability to gain the necessary skills and knowledge. This also includes the evaluation of the availability of sufficiently competent personnel, such as experts or individuals meeting the criteria and eligibility requirements to perform engagement quality control review, and

---

194 Cf. VO 1/2006.56, .58; ISQC 1.11, 26 ff.
195 Cf. VO 1/2006.59; ISQC 1.27c.
196 Cf. VO 1/2006.62; ISQC 1.A21.

whether the engagement can be completed within the reporting deadline.[197] Along with the review of the engagement risks, the audit partner has to consider the integrity of the client.[198] The client's integrity is to be judged based on the nature of the client's operation, the identity and business reputation of the principal owners, key management, and those charged with its governance, whether indications of fee pressure and inappropriate limitation of the scope of work are present, and whether indications of money laundering or other criminal activities exist. Furthermore, the attitude towards an aggressive interpretation of accounting standards and the internal control environment are to be evaluated. If the audit partner has been newly appointed, the reasons for the non-reappointment of the previous audit partner are to be identified.[199]

2.3.4 Current Developments

In the aftermath of the financial crisis of 2008 the European Commission (EC) published on October 13th, 2010 a Green Paper in order to open a debate on the role and scope of audits. The Green Paper raises the question of how banks that revealed huge on and off-balance sheet losses from 2007 to 2009 could have received a clean audit report.[200] One of the concerns raised by the Green Paper is the independence of the auditor, which should be "*the unshakeable bedrock of the audit environment*"[201]. In this context, the Green Paper puts forward various propositions on how the audit function can be enhanced and can therefore contribute to increased financial stability. Amongst others, the EU Commission proposes limiting the length of the audit firm tenure to a predetermined period (mandatory rotation of audit firms). It is argued that extended audit firm tenure is not compatible with the desirable standards of independence and outweighs the positive effect of client-specific

---

197 Cf. VO 1/2006.56, .61; ISQC 1.26a, A18.

198 Cf. VO 1/2006.58; ISQC 1.26c.

199 Cf. VO 1/2006.60; ISQC 1.A19. This information can be obtained by communications with the predecessor auditor, discussions with third parties, such as bankers, legal counsel, and industry peers, or via relevant databases, periodicals or information in the internet. Cf. VO 1/2006.60; ISQC 1.A20.

200 Cf. *European Commission* (2010), pp. 1 ff. For a critical discussion, see *Humphrey et al.* (2011), pp. 431 ff.

201 *European Commission* (2010), p. 10.

knowledge.[202] Professional associations, such as the IDW, IFAC, and AICPA, however, argue that the implemented regulatory safeguards, including the mandatory rotation at audit partner level, are sufficient to safeguard the audit firm's independence. A mandatory audit firm rotation only leads to the loss of client-specific knowledge and ultimately harms audit quality.[203] Supervisory boards as well as management representatives also appear to associate a mandatory audit firm rotation with a decrease in the benefit of audits and higher costs.[204]

Although there are regulatory as well as economic safeguards to countervail potential detrimental effects of an extended relationship with a client, it appears that regulators have come to the conclusion that these safeguards do not suffice.[205] On June 16th, 2014, the EU published the Regulation (EU) No. 537/2014, which includes the requirement of a mandatory audit firm rotation. A 10 year or shorter term of audit firm rotation for all public interest entities in the EU is required. The period can be further extended for up to a maximum of 10 years if a tender is undertaken, or up to a maximum of 14 years if a joint audit is adopted.[206]

---

202 Cf. *European Commission* (2010), pp. 10 ff.
203 Cf. *AICPA* (2010), p. 5; *IDW* (2010), pp. 23 f.; *IFAC* (2010), p. 14.
204 Cf. *Ruhnke/Schmidt* (2014), pp. 10 ff.
205 Cf. http://europa.eu/rapid/press-release_MEMO-14-256_en.htm?locale=en (Last Accessed: February 28th, 2015).
206 Cf. *European Commission* (2014), art. 17.

3 Literature Review and Hypotheses Development

The objective of this study is to investigate the effect of audit firm and audit partner tenure on audit quality. The following sections therefore discuss common proxies used to infer audit quality (→ 3.1) and provide a literature review of the effect of auditor tenure on audit quality(→ 3.2). Section 3.3 then formulates the hypotheses based on the theoretical considerations and existing empirical evidence.

3.1 Proxies to Infer Audit Quality

Audit quality is difficult to observe and assess due to the asymmetric distribution of information between the auditor and external parties, as well as due to different perceptions of audit quality (→ 2.2.1).[207] For example, the amount of effort required to satisfy professional standards, such as labor allocation, timing and extent of audit procedures, the extent of sampling, the competence (technological capabilities), or the independence to name a few, are information that is ultimately only directly observable by the auditor. Auditees and claimholders as non-experts may not be able to judge the appropriateness of these decisions. These information asymmetries make it difficult to directly assess audit quality.[208,209] The audit report as well provides at best only limited insights to directly infer audit quality since the wording is in almost all cases a generic template.[210] A broad variety of proxies are employed in auditing research to infer audit quality. Common proxies are based on the primary outcomes of the audit process: (1) the audit report and (2) the audited financial

---

207 Cf. *Causholli/Knechel* (2012), p. 632; *Knechel et al.* (2013), pp. 385 f.

208 Cf. *Causholli/Knechel* (2012), p. 632.

209 *Francis* (2004) only refers to the difficulty of assessing audit quality ex ante. An audit is therefore an experience-good, which allows the assessment of the quality after the purchase. However, more recent literature argues that an audit is a credence good, i.e. the quality can only be observed at prohibitive costs. Cf. *Francis* (2004), footnote 4. For a more in-depth analysis, see *Causholli/Knechel* (2012), pp. 631 ff.

210 In the sample virtually all audit reports are based on the wording suggested by the IDW PS 400.

statements.[211] Whereas the audit report is directly under the auditor's control, the audited financial statements are a joint statement of the client and the auditor.[212]

3.1.1 Going-Concern Opinion

The first source that provides information to infer audit quality is the audit opinion in the audit report. The form of the audit opinion is the final cumulative audit decision and communicates the auditor's findings to the financial statements users. Auditing research draws from the assessment of the client's going-concern assumption in the audit report to infer audit quality (→ 2.3.1).[213] By addressing issues related to the going-concern assumption in the audit report, the auditor warns financial statements users of impending going-concern problems.[214] The decision-making process with regard to going-concern uncertainties can be described as a two-stage process that involves negotiations with the client. In the first stage, the auditor is to decide whether there are substantial doubts about the client's going-concern. In the second stage, subsequent information cues are used to decide whether to issue a going-concern opinion (GCO).[215] In both stages, the auditor exercises considerable judgment.[216] The negotiation process with clients in financial distress is particularly sensitive. Such clients seek to avoid receiving a going-concern opinion in order to avoid negative consequences that might arise due to a GCO in the audit report.[217]

---

211 These proxies are used to infer actual audit quality. Furthermore, there are proxies to measure perceived audit quality, i.e. how credible audited financial statements are perceived. These proxies can be deduced from capital market participants, from surveys, or experiments with financial statements user groups. Since this study deals with actual audit quality, I refrain from discussing perceived audit quality. Cf. *Mansi et al.* (2004), pp. 755 ff.; *Watkins et al.* (2004), p. 153; *Ghosh/Moon* (2005), pp. 585 ff.; *Kaplan/Mauldin* (2008), pp. 177 ff. For a comprehensive overview of studies investigating perceived audit quality, see *Wiemann* (2011), pp. 175 ff.

212 Cf. *Antle/Nalebuff* (1991), p. 31; *Francis* (2011), p. 129.

213 Cf. *Geiger/Raghunandan* (2002a), p. 70; *Francis* (2011), pp. 128 f.

214 Cf. *DeFond et al.* (2002), pp. 1248 f.; *Geiger/Raghunandan* (2002a), pp. 70 f.

215 Cf. *Mutchler* (1985), p. 670.

216 Cf. *Mutchler* (1984), pp. 17 ff.; *Mutchler* (1985), pp. 668 ff.; *Mutchler et al.* (1997), pp. 295 ff.; *Carson et al.* (2013), pp. 353 ff.

217 Cf. *Geiger/Raghunandan* (2002a), pp. 70 f.; *Geiger/Raghunandan* (2002b), p. 18.

3.1.1.1.1 Relation to Audit Quality

Receiving a GCO can cause a drop in the stock price, which can affect the managers' compensation in case of stock-based remuneration.[218] Managers might exert pressure on the auditor not to render a GCO.[219] A GCO could also result in more difficulties in obtaining a loan due to lenders adjusting the terms of the loans or due to suppliers curtailing the credits.[220] Difficulties in the procurement of equity and borrowed capital could ultimately lead to a self-fulfilling prophecy, i.e. the GCO either caused or contributed to the financial demise of the company.[221] An impending bankruptcy might put the auditor under even higher pressure from managers not to render a GCO.[222] Empirical evidence suggests that managers of such companies are subject to higher turnover rates.[223] Resigning managers suffer not only income losses but also losses of non-pecuniary benefits, such as reputational damages, if the turnover is viewed as a sign of incompetence.[224] Not succumbing to managers' pressure may lead to the loss of the client and therefore the loss of future fees. Empirical evidence supports the notion that auditors issuing a GCO are more likely to be dismissed in the subsequent year.[225] Refraining from the issuance may ensure the retention of the client, however, it may also lead to litigation and reputation loss in case of subsequent client failure.[226] For ex-

---

218 Cf. *Blay/Geiger* (2001), pp. 209 ff. For an overview of empirical evidences, see *Carson et al.* (2013), pp. 369 f.

219 Cf. *Craswell* (1988), p. 24.

220 Cf. *Firth* (1980), pp. 257 ff.; *Menon/Williams* (2010), pp. 2075 ff. *Bessell et al.* (2003), however, do not find that highlighting going-concern issues affects the probability of obtaining loans. Cf. *Bessell et al.* (2003), pp. 261 ff.

221 The majority of studies using U.S. samples corroborates the existence of a self-fulfilling prophecy (e.g. *Geiger et al.* (1998) and *Pryor/Terza* (2002)), whereas studies using European samples show mixed results. *Citron/Taffler* (1992) cannot confirm the existence of a self-fulfilling prophecy for the U.K. *Vanstraelen* (2003), however, provides evidence for the existence for the Belgian market. In a recent study, *Frey* (2014) reports some evidence for the existence of a self-fulfilling prophecy using a German sample. Cf. *Citron/Taffler* (1992), pp. 337 ff.; *Geiger et al.* (1998), pp. 117 ff.; *Pryor/Terza* (2002), pp. 89 ff.; *Vanstraelen* (2003), pp. 231 ff.; *Frey* (2014), pp. 168 ff.

222 Cf. *Callaghan et al.* (2009), p. 157.

223 Cf. *Henderson* (2007), pp. 1595 f.

224 Cf. *Gilson* (1989), pp. 248 ff.

225 Cf. *Krishnan/Stephens* (1996), pp. 224 ff.; *Lennox* (2000), pp. 321 ff.; *Carson et al.* (2013), p. 362.

226 Cf. *Mutchler* (1984), pp. 23 f.; *Carcello/Palmrose* (1994), p. 4; *Reynolds/Francis* (2000), p. 379.

ample, *Carcello/Palmrose* (1994) find that the lowest payments and the highest dismissal rate of litigation are associated with reports addressing going-concern issues. In turn, the highest payments are imposed on auditors where the audit report did not highlight impending going-concern problems.[227]

Audit quality can be inferred in two ways. The first approach assesses the "accuracy" of a GCO by examining the relation between an audit report containing a GCO and client business failure.[228] The second approach assesses audit quality by examining the auditor's propensity of issuing a GCO.[229]

"Accuracy" of a GCO

In the first approach, audit quality is inferred by the "accuracy" of a GCO. The auditor is subject to two potential misclassifications, a type I error and a type II error, when expressing substantial doubt about the client's going-concern.[230] A type I error refers to a client that receives a GCO but subsequently remains viable. A type II error is present if a failed client does not receive a GCO prior to the failure.[231] Both errors are considered audit failures. Audit quality is therefore assessed by the "accuracy" of the auditor's prediction of the client's business failure.[232] Audit quality is deemed to be lower/higher if the type I error or type II error rate is higher/lower.[233]

Propensity of Issuing a GCO

The second approach assesses audit quality by focusing on the auditor's propensity of issuing a GCO.[234] Unlike the first approach, the auditor's propensity of issuing a GCO examines the factors underlying the issuance of a GCO.[235] Audit quality is thereby assessed by whether various client-specific

---

227 Cf. *Carcello/Palmrose* (1994), pp. 23 f.
228 Cf. *Francis* (2011), pp. 128 f.; *Carson et al.* (2013), pp. 355 f.
229 Cf. *Carey/Simnett* (2006), p. 658; *Knechel/Vanstraelen* (2007), p. 114; *Francis* (2011), p. 129.
230 Cf. *Francis* (2011), pp. 128 f.; *Carson et al.* (2013), pp. 355 f.
231 Cf. *Hopwood et al.* (1989), footnote 13; *Geiger/Raghunandan* (2002b), p. 18; *Carey et al.* (2008), p. 62.
232 Cf. *Francis* (2011), pp. 128 f.; *Carson et al.* (2013), pp. 355 f.
233 Cf. *Geiger/Rama* (2006), p. 4.
234 Cf. *Carey/Simnett* (2006), p. 658; *Knechel/Vanstraelen* (2007), p. 114; *Francis* (2011), p. 129.
235 Cf. *Carson et al.* (2013), pp. 354 ff.

characteristics, such as financial ratios, client size, etc., and auditor characteristics, such as audit firm size, tenure, industry expertise etc., have an effect on the auditor's propensity of issuing a GCO.[236] Higher quality auditors are assumed to "*exercise unfettered professional judgment when planning and conducting the audit, and reporting the results of their findings in their audit report*."[237] Audit quality is therefore deemed to be lower/higher if auditor-specific factors are associated with a lower/higher probability of issuing a GCO.

3.1.1.1.2 Discussion

When inferring and interpreting audit quality by the "accuracy" of the auditor's prediction of the client's business failure, audit quality is dichotomized into audit failure and no audit failure. However, one has to keep in mind that a type I error and a type II error are only statistical in nature. From the perspective of reporting standards, these alleged misclassifications are, strictly speaking, no true reporting errors since the auditor is not charged with predicting a client's failure.[238] The auditor merely states that, based on the knowledge of the client at the time of the reporting, material uncertainty was present that the client may not survive at least 12 months from the balance sheet date.[239] Unforeseeable events might change the client's status. In this case, a type I error and a type II error can arise even though the auditor has appropriately incorporated all available information in the decision-making process.[240] Furthermore, the relationship between a GCO and subsequent bankruptcy might not capture true audit failure. First, a GCO may result in the financial demise of a client that would otherwise have survived had the client not received such a highlight (self-fulfilling prophecy).[241] And second,

---

236 Cf. *Mutchler* (1985), pp. 671 ff.; *Mutchler et al.* (1997), pp. 289 ff.; *Reichelt/Wang* (2010), pp. 676 ff.

237 *Geiger/Raghunandan* (2002a), p. 69.

238 Cf. *Carey et al.* (2008), pp. 62 f.; *European Commission* (2011), p. 35; *Francis* (2011), footnote 7.

239 Cf. *Geiger/Rama* (2006), pp. 2 f.; ISA 570.13; IDW PS 270.8, .20a.

240 Cf. *Geiger/Rama* (2006), p. 2.

241 Cf. *Carson et al.* (2013), p. 370.

potential client failure is only one possible outcome of a GCO. Other possible outcomes may be liquidation, reorganization, or a merger.[242]

When inferring audit quality based on the auditor's propensity of issuing a GCO, the sample is usually restricted to clients that are deemed to be in financial distress. It is argued that the auditor's decision is more salient since a GCO is not issued to clients that are not financially distressed and subsequently fail.[243] It is critical for the interpretation of the results to identify clients that exhibit sufficient levels of financial distress that causes the auditor to seriously consider issuing a GCO. Including clients with only minimal indicators of financial distress may lead to spurious results.[244] However, the restriction to financially distressed clients can also lead to a small sample size that weakens the power of tests.[245]

3.1.2 Earnings Quality

3.1.2.1 Preliminary Remarks

The second source of information for inferring audit quality are the audited financial statements. The proxies derived from the financial statements address the earnings quality of the client (financial reporting quality). The objective of audited financial statements is to provide financial statements users, such as existing and potential investors, with financial information that is useful in making decisions about buying, selling, or holding equity and debt instruments.[246] The decision depends on the return that is expected from the investment, which is assessed by the amount, timing, and uncertainty of the company's prospect for future net cash inflows.[247] But realized cash flows suffer from timing and matching problems.[248] For example, selling goods on

---

242 Cf. *Nogler* (1995), p. 55.
243 Cf. *McKeown et al.* (1991), p. 3; *Reynolds/Francis* (2000), p. 390; *Carey/Simnett* (2006), p. 660; *Geiger/Rama* (2006), p. 5.
244 Cf. *Blay/Geiger* (2013), p. 600.
245 Cf. *Ronen/Yaari* (2008), pp. 415 f.; *Carson et al.* (2013), p. 372.
246 Cf. IFRS Conceptual Framework.OB2. Other groups of financial statements users mentioned in the conceptual framework are lenders and other creditors. Cf. IFRS Conceptual Framework.OB2.
247 Cf. IFRS Conceptual Framework.OB3 f.
248 Cf. *Dechow* (1994), p. 4.

credit does not lead to the booking of the cash receipt although it affects the company's current performance. Assessing the company's economic situation solely based on the cash receipts does not reflect the company's (past and) future performance. For this reason, generally accepted accounting standards grant managers discretion in the timing of the cash flow recognition in earnings (accrual accounting), which are assumed to provide a better basis for assessing the company's past and future performance.[249]

Managers can use accruals to convey private information about the company's future cash inflows to financial statements users.[250] At the same time, however, managers could use the discretion granted by accrual accounting to manage earnings.[251] Earnings management can be defined as managers using "*judgment in financial reporting and in structuring transactions to alter financial reports to either mislead some stakeholders about the underlying economic performance of the company or to influence contractual outcomes that depend on the reported accounting numbers*."[252] According to this definition, earnings management can occur within the GAAP boundaries by exerting systematic choices and beyond the boundaries of GAAP, i.e. outright misrepresentation and fraud. The conceptual distinction of distinguishing between earnings management within and beyond the GAAP bounds is clear, but actually distinguishing between earnings management within and beyond the GAAP bounds is difficult since managerial intents to deceive are not (directly) observable. Aggressive earnings management within the bounds of GAAP constitute outright misrepresentation and fraud when there are managerial intents to deceive.[253]

The responsibility of the auditor is to obtain reasonable assurance that the financial statements as a whole are in all material respects, free from material misstatements, whether due to intentional or unintentional errors. It is therefore within the auditor's responsibilities to detect and constrain only earnings

---

249 Cf. *Dechow* (1994), p. 4; IFRS Conceptual Framework.OB17.
250 Cf. *Healy/Wahlen* (1999), p. 369; *Beneish* (2001), pp. 4 f.; *Ronen/Yaari* (2008), p. 25.
251 Cf. *Dechow* (1994), p. 5; *Dechow/Skinner* (2000), p. 238.
252 *Healy/Wahlen* (1999), p. 368.
253 Cf. *Dechow/Skinner* (2000), pp. 238 f.; *Francis* (2011), footnote 12.

management that violates GAAP.[254] As previously mentioned, managerial intent is the "crux" when distinguishing accounting choices to convey private information and overly aggressive accounting choices within GAAP from accounting choices that are exerted to deceive financial statements users (intentional errors).[255] The problem (for researchers) when assessing audit quality is specifying a model to identify misstatements. There are external indicators of earnings misstatements, which are the issuance of a restatement, enforcement actions, and successful litigation. The advantage of these indicators is that an outside party has already identified a problem with the quality of the financial statements (low earnings quality).[256] These indicators take a legal point of view and dichotomize audit quality into audit failure and no audit failure.[257] Audit quality, however, can also be conceptualized as "*a theoretical continuum ranging from very low to very high audit quality*."[258] All audits are assumed to "*meet minimum legal and professional standards (except of course the case of outright audit failure) and therefore the research focuses on differential audit quality above and beyond legal minimum.*"[259] Indicators of continuous earnings quality are the probability of meeting or just beating certain earnings benchmarks and the magnitude of discretionary accruals. Both measure the variation in audit quality of audits that are non-failures.[260] Higher probabilities of meeting or just beating certain earnings benchmarks and extreme values of discretionary accruals might indicate high levels of earnings management and thus, low earnings quality.[261] Audit quality is therefore deemed to be lower/higher if auditor-specific factors, after controlling

---

254 Cf. sec. 317 I 3 HGB; IDW PS 210.12 (status as of December 12th, 2012); ISA 200.11.

255 For example, according to IAS 18.14 recognizing revenue from a sale of goods on credit depends on whether the risks and rewards have been transferred to the buyer. The accrued income of the transaction can convey private information if risks and rewards have been transferred, can be interpreted as aggressive earnings management if managers interpret IAS 18.14 overly optimistic and is outright fraud if the transaction is fictitious and/or booked with the intent to deceive financial statements users.

256 Cf. *Dechow et al.* (2010), p. 371.

257 Cf. *Francis* (2011), p. 127.

258 *Francis* (2004), p. 346.

259 *Ibid.*, p. 352.

260 Cf. *Francis* (2011), p. 129.

261 Cf. *Lo* (2008), pp. 351 ff.

for other (non-audit) factors, have a negative/positive effect on earnings quality.[262,263]

In the following, the earnings quality measures financial restatements (→ 3.1.2.2), SEC enforcement actions and successful litigation (→ 3.1.2.3), benchmark beating (→ 3.1.2.4), and the magnitude of discretionary accruals (→ 3.1.2.5) are presented, and the extent to which these earnings quality measures provide insights about audit quality is discussed.

3.1.2.2 Financial Restatements

3.1.2.2.1 Relation to Audit Quality

Restatements are issued if audited financial statements are incorrect due to the misapplication of GAAP.[264] The misapplication of GAAP can be attributed to accounting standard complexity ("*misunderstanding of complicated GAAP*"[265]) or accounting system errors. However, restatements can also be attributed to intentional errors (irregularities) that are caused by aggressive accounting policies with the objective to manage earnings.[266] The issuance of a restatement is usually associated with audit failure since it is within the auditor's responsibilities to obtain reasonable assurance that the financial statements as a whole are in all material respects in accordance with the applicable GAAP. Thus, the detection of intentional and unintentional errors that mate-

---

262 Cf. *Francis* (2011), p. 130. Auditor-specific factors, such as auditor tenure, do not directly measure audit quality. A significant association would provide evidence that there are systematic differences in earnings quality conditional on certain auditor-specific factors from which audit quality differences can be inferred. Cf. *Francis* (2011), p. 130.

263 Another factor influencing earnings quality is the quality of the accounting standards. The employed research design is subject to limitations since it does not allow separation of audit quality from the quality of the financial reporting standards. If reporting standards are of poor quality, e.g. due to financial reports being misleading in spite of being acceptable under accounting standards, audit quality could be erroneously assessed. Cf. *Lo* (2008), p. 351; *Knechel* (2009), pp. 5 f.; *Knechel et al.* (2013), p. 398.

264 Cf. *Hennes et al.* (2008), p. 1488.

265 *Ettredge et al.* (2010), p. 333.

266 Cf. *Hennes et al.* (2008), pp. 1488 ff.; *Plumlee/Yohn* (2010), pp. 43 f.

rially affect the financial statements are within the responsibilities of the auditor.[267] Audit quality is therefore deemed to be lower/higher if auditor-specific factors are associated with a higher/lower probability of a client issuing a restatement of audited financial statements.[268]

3.1.2.2.2 Discussion

Restated financial statements implicitly acknowledge that the filed financial statements are not in accordance with the applicable reporting framework,[269] and are viewed as "*the most visible indicator of improper accounting.*"[270] But a restatement may also provide only partial insights to audit quality. The mere existence of material misstatements does not automatically suggest audit failure.[271] The auditor is responsible for obtaining reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. The primary responsibility to prevent and detect fraud rests with the management and those charged with governance. Even if the auditor has properly planned and performed the audit, the inherent limitations of audits may lead to financial statements being materially misstated.[272] The absence of material misstatements in turn, does not automatically suggest high audit quality. An audit that is not properly planned and performed may be classified as having high audit quality just because there are no material misstatements to be detected, i.e. the financial statements are already drawn up by management in accordance with the applicable reporting framework.[273]

---

267 Cf. sec. 317 I 3 HGB; IDW PS 210.12; ISA 200.11.
268 Cf. *Francis* (2011), p. 130.
269 Cf. *Kinney et al.* (2004), pp. 568 f.; *Palmrose/Scholz* (2004), p. 144.
270 *Palmrose/Scholz* (2004), p. 144.
271 Cf. *IAASB* (2014), p. 37.
272 Cf. IDW PS 210.8, .14; ISA 200.A51 f.; ISA 240.4 f.; *IAASB* (2014), p. 37.
273 Cf. *IAASB* (2014), p. 37.

3.1.2.3 Enforcement Actions and Successful Litigation[274]

3.1.2.3.1 Relation to Audit Quality

Enforcement actions by the Securities and Exchange Commission (SEC) in the United States are also used to infer audit failure. The SEC publishes accounting and auditing enforcement releases (AAER) that describe alleged violations of accounting and auditing provisions of securities law.[275] Furthermore, if the allegations are corroborated (e.g. fraud), the SEC may commence an enforcement action, such as taking actions against professionals, or having a company restate the published financial statements.[276] In the auditing literature, SEC enforcement actions are used to infer audit quality.[277] Conceptually related to AAER is successful litigation against an auditor. A successful litigation indicates unambiguously audit failure and is arguably the most definite measure for audit failure.[278] Similar to the issuance of a restatement, AAER or successful litigation are associated with audit failure since it is within the auditor's responsibilities to detect intentional as well as unintentional errors.[279] Audit quality is therefore deemed to be lower/higher if auditor-specific factors are associated with a higher/lower probability of the issuance of AAER or successful litigation.[280]

3.1.2.3.2 Discussion

Similar to the discussion on inferring audit quality by the issuance of a restatement (→ 3.1.2.2.2), the absence of litigation and enforcement actions do not automatically imply high audit quality. A (successful) litigation case is quite rare since disputes are often settled before they reach a formal state of a lawsuit or are settled out of court before a case goes to trial.[281] The number

---

274 In Germany, a body with authorities comparable to the SEC does not exist. Furthermore, ongoing investigations are not made public. For a more in-depth description of German enforcement mechanism, see *Hitz et al.* (2012), pp. 257 ff.

275 Cf. *Janvrin et al.* (2010), pp. 2 f.

276 Cf. *Dickey et al.* (2001), pp. 10 ff.

277 Cf. e.g. *Bonner et al.* (1998), pp. 503 ff.; *Carcello/Nagy* (2004), pp. 55 ff.; *Francis* (2011), pp. 127 f.

278 Cf. *Francis* (2011), p. 127.

279 Cf. sec. 317 I 3 HGB; IDW PS 210.12; ISA 200.11.

280 Cf. *Francis* (2011), p. 130.

281 Cf. *ibid.*, p. 127.

of enforcement actions may also be biased downwards because formal investigations are costly. The focus of the SEC may lie on cases that have a high probability of success and a potential message value.[282] Furthermore, the presence of an enforcement action does not reflect audit failure since the auditor does not formally admit to professional negligence. Most proceedings are resolved by negotiation, such as restraining from certain activities that impair audit quality.[283]

3.1.2.4 Benchmark Beating

3.1.2.4.1 Relation to Audit Quality

Statistical observations document a discontinuity around certain earnings benchmarks.[284] Assuming a normal distribution, there are fewer cases of missing an earnings benchmark than expected. It is hypothesized that this statistical anomaly can be attributed to earnings being managed.[285] A common (but controversial) interpretation of this anomaly is that a company with unmanaged earnings that is just below the heuristic target (just below "zero") intentionally manages earnings in order to meet or just beat the heuristic target.[286] Empirical evidence documents the relevance of earnings benchmarks. Missing an earnings benchmark is perceived negatively by the capital market and can lead to stock devaluations.[287] This can affect the private wealth of managers in the case of stock-based remuneration. Furthermore, managers are concerned with their external reputation and associate missing earnings benchmarks with managerial failure.[288] In the literature, analysts' forecasts, current year's earnings and prior year's earnings are discussed as targeted

---

282 Cf. *Feroz et al.* (1991), pp. 111 f.; *Dechow et al.* (2011), p. 18.
283 Cf. *Dickey et al.* (2001), p. 13; *Francis* (2011), pp. 127 f.
284 Cf. e.g. *Hayn* (1995), p. 132; *Burgstahler/Dichev* (1997), p. 109; *Degeorge et al.* (1999), pp. 19 ff.; *Holland/Ramsay* (2003), p. 53; *Phillips et al.* (2003), p. 500; *Ayers et al.* (2006), p. 641; *Daske et al.* (2006), pp. 148 ff.; *McVay et al.* (2006), p. 586.
285 Cf. *Hayn* (1995), p. 132; *Dechow et al.* (2010), pp. 364 f.
286 Cf. *Dechow et al.* (2010), p. 364.
287 *Bartov et al.* (2002), *Kasznik/McNichols* (2002) and *Skinner/Sloan* (2002) show that failing earnings benchmarks leads to negative stock price reactions on the announcement date. Cf. *Bartov et al.* (2002), pp. 173 ff.; *Kasznik/McNichols* (2002), pp. 727 ff.; *Skinner/Sloan* (2002), pp. 289 ff.
288 Cf. *Graham et al.* (2005), p. 28; *McVay et al.* (2006), pp. 579 f.; *Dichev et al.* (2013), pp. 26 ff.; *Dichev et al.* (2014), pp. 16 ff.

earnings benchmarks.[289] Meeting or just beating analysts' forecasts, meeting or just beating the profit threshold, and meeting or just beating prior year's earnings are therefore proxies of earnings management, which indicate low earnings quality.[290]

It is argued that managers use quantitatively immaterial earnings overstatements (intentional misstatements) as a means to meet or just beat earnings benchmarks.[291] Misstatements, however, that are quantitatively immaterial are classified as material if associated with the objective to meet or just beat certain earnings benchmarks. Thus, it is within the auditor's responsibilities to assess whether managers use quantitatively immaterial misstatements (or material misstatements) to meet or just beat certain earnings targets.[292] Managers are more likely to choose more subtle approaches when attempting to meet or just beat certain earnings targets.[293] For example, they are more likely to use multiple positions to accumulate the necessary amount rather than using one single position. A high quality auditor is more likely to detect and constrain such subtle accounting practices. Hence, audit quality is deemed to be lower/higher if auditor-specific factors are associated with a higher/lower probability of meeting or just beating a targeted earnings benchmark.[294]

3.1.2.4.2 Discussion

The interpretation that the discontinuity around certain earnings benchmarks is caused by earnings being managed is subject to much discussion.[295] The discontinuity in the distribution of analysts' forecasts is argued to be induced

---

289 Cf. *Hayn* (1995), p. 132; *Burgstahler/Dichev* (1997), p. 109; *Degeorge et al.* (1999), p. 20; *Holland/Ramsay* (2003), p. 53; *Phillips et al.* (2003), p. 500; *Ayers et al.* (2006), p. 641; *McVay et al.* (2006), p. 586.

290 Cf. *Dechow et al.* (2010), pp. 364 f.

291 Cf. *Levitt* (1998). With regard to beating analysts' forecasts, *Richardson et al.* (2004) document that optimistic forecasts are "walked down" to a level that managers are able to beat the benchmark at earnings announcement. Cf. *ibid.*, pp. 899 ff.

292 Cf. IDW PS 210.12; ISA 200.11; ISA 450.A16 (status as of December 15th, 2009).

293 Cf. *Dichev et al.* (2014), pp. 17 f.

294 Cf. *Francis* (2011), p. 130.

295 Cf. e.g. *Durtschi/Easton* (2005), pp. 557 ff.; *Jacob/Jorgensen* (2007), pp. 369 ff.; *Durtschi/Easton* (2009), pp. 1249 ff.

by analyst forecast errors[296] having a tendency to be greater when being optimistic (the forecast error is negative) than when being pessimistic (the forecast error is positive). This in turn, leads to observations with negative forecast errors spreading away from zero, whereas observations with positive forecast errors cluster around zero. It is argued that this causes the discontinuity.[297] The discontinuity around the profit threshold and prior year's earnings is argued to be induced mechanically by the deflation of the earnings figure and by sample selection criteria.[298]

Deflation of the Earnings Figure

The rationale of deflating the earnings figure is to homogenize characteristically heterogeneous companies.[299] *Durtschi/Easton* (2005) and *Durtschi/Easton* (2009) report an asymmetrical valuation of small profit companies and loss companies. A small profit company tends to have a higher beginning-of-year market value, whereas a loss company tends to have a lower beginning-of-year market value.[300] The deflation shifts relatively more observations of small profit companies towards zero, whereas loss companies are shifted away from zero. The selective scaling[301] therefore causes the discontinuity around zero.[302] *Burgstahler/Chuk* (2014) address this finding and report consistent with *Durtschi/Easton* (2005) and *Durtschi/Easton* (2009) an asymmetrical valuation. At the same time, however, they find that the effect

---

296 The forecast error is usually calculated as reported earnings per share less the consensus forecast of earnings per share of the analysts. Cf. e.g. *Degeorge et al.* (1999), p. 20.

297 Cf. *Durtschi/Easton* (2005), pp. 585 ff.

298 Cf. *ibid.*, pp. 562 ff. An alternative explanation of the distribution are asymmetric treatment of gains and losses for tax purposes and the effect of special items. Cf. *Beaver et al.* (2007), pp. 525 ff.

299 Cf. e.g. *Burgstahler/Dichev* (1997), pp. 102 ff.; *Degeorge et al.* (1999), pp. 19 ff.; *Coulton/Taylor* (2005), pp. 559 f.

300 They come to the same conclusion when using other deflators, such as beginning-of-year total assets. Cf. *Durtschi/Easton* (2005), pp. 579 f.; *Durtschi/Easton* (2009), pp. 1262 ff.

301 Cf. *Burgstahler/Chuk* (2014), p. 14.

302 Cf. *Durtschi/Easton* (2005), pp. 573 ff.; *Durtschi/Easton* (2009), pp. 1257 ff.

of selective scaling accounts only for a relatively small portion of the discontinuity.[303] *Burgstahler/Chuk* (2014) conclude that the discontinuity is not induced by an asymmetrical valuation of small profit and loss companies.[304] *Jacob/Jorgensen* (2007) also examine whether the discontinuity is caused by selective scaling. They argue that if the discontinuity is due to selective scaling, a discontinuity should be then also visible for earnings other than for the annual periods, i.e. quarterly earnings where incentives to manage earnings are weaker. Their results show only a discontinuity for the fiscal year annual earnings, which corroborates the interpretation of the discontinuity as earnings management.[305]

Sample Selection Criteria

Durtschi/Easton (2005) and *Durtschi/Easton* (2009) find that a larger proportion of loss companies do not have data of the beginning-of-year market values available leading to the deletion of these companies from the sample. They reckon that the discontinuity may be partially induced by the deletion of these observations from the sample.[306] *Burgstahler/Chuk* (2014) address this issue by examining the distribution of non-deflated earnings, separately for companies with and without beginning-of-year market value data and report significant discontinuities in the distribution for both company types.[307]

---

303 In detail, they construct four portfolios corresponding to the quartiles of price per share. They find selective scaling for the lowest quartile but not for the remaining quartiles. Selective scaling in the lowest quartile only accounts for 10% of the discontinuity observations. Cf. *Burgstahler/Chuk* (2014), pp. 15 ff.

304 Cf. *ibid.*, p. 16.

305 Cf. *Jacob/Jorgensen* (2007), pp. 372 ff. *Durtschi/Easton* (2009) criticize the employed research method. They argue that *Jacob/Jorgensen* (2007) assume that the quarterly earnings of the first three quarters in year t are related to the quarterly earnings of the fourth quarter in t-1 in the same way as with the quarterly earnings of the fourth quarter in t. In the U.S., the integral method of accounting is prescribed. For example, expenses are allowed to be allocated within the same fiscal year into different quarters but cannot be allocated across fiscal years. Therefore, quarterly earnings used as a benchmark are deemed to be inappropriate. Furthermore, they add that interim reports are often restated in the annual financial statements. Cf. *Durtschi/Easton* (2009), pp. 1266 ff.

306 Cf. *Durtschi/Easton* (2005), pp. 566 ff.; *Durtschi/Easton* (2009), pp. 1253 ff.

307 Cf. *Burgstahler/Chuk* (2014), pp. 16 ff. The interval width varies. Since *Durtschi/Easton* (2005) and *Durtschi/Easton* (2009) use a single interval width, it is possible that the results reported in *Burgstahler/Chuk* (2014) are driven by the different interval width. Cf. *Burgstahler/Chuk* (2014), p. 18.

Empirical Results

The above-presented discussion raises the questions of whether a discontinuity around certain thresholds is present, and whether the discontinuity is caused by earnings being managed. *Matsumoto* (2002), *Phillips et al.* (2003) and *Ayers et al.* (2006) examine whether the level of discretionary accruals is associated with the probability of meeting or just beating analysts' forecasts.[308] If companies manage earnings in order to meet or just beat analysts' forecasts then the level of discretionary accruals should be higher for benchmark beating companies.[309] *Ayers et al.* (2006) find some evidence linking discretionary accruals to benchmark beating companies, whereas *Matsumoto* (2002) and *Phillips et al.* (2003) cannot corroborate this finding.[310] *Phillips et al.* (2003) and *Dhaliwal et al.* (2004) investigate whether tax expenses are used as a means to meet or just beat analysts' forecasts. It is argued that tax expenses are the last position that is finalized prior to the earnings release and that managers can use these accounts to achieve earnings targets.[311] *Phillips et al.* (2003) do not find evidence that deferred tax expenses are associated with meeting or just beating analysts' forecast,[312] while *Dhaliwal et al.* (2004) find an association with benchmark beating companies.[313] More direct evidence is provided by *Donelson et al.* (2013). They use a sample of companies that restate their earnings due to an alleged GAAP violations, and report that a discontinuity for analysts' forecasts is observable for post-managed earnings but not for restated earnings.[314] *McVay et al.* (2006) further report that

---

308 Cf. *Matsumoto* (2002), pp. 483 ff.; *Phillips et al.* (2003), pp. 491 ff.; *Ayers et al.* (2006), pp. 617 ff.

309 Cf. *Ayers et al.* (2006), p. 620.

310 Cf. *Matsumoto* (2002), pp. 504 ff.; *Phillips et al.* (2003), pp. 513 f. According to *Matsumoto* (2002), the lack of a significant association could also be due to the misspecification of the prediction model. Cf. *ibid.*, p. 506.

311 Cf. *Phillips et al.* (2003), p. 437.

312 Cf. *ibid.*, pp. 512 ff.

313 Cf. *Dhaliwal et al.* (2004), pp. 431 ff.

314 Cf. *Donelson et al.* (2013), pp. 252 ff.

managers with trading incentives are more likely to meet or just beat analysts' forecasts.[315]

Using the profit threshold and prior year's earnings, *Ayers et al.* (2006) report that the level of discretionary accruals is associated with benchmark beating companies. However, the level of cash flows is associated with the earnings benchmarks as well. Hence, it is not clear whether discretionary accruals or cash flows are used to meet or just beat the earnings benchmarks.[316] *Dechow et al.* (2003) and *Coulton/Taylor* (2005) do not find evidence linking the level of discretionary accruals to benchmark beating companies,[317] whereas *Phillips et al.* (2003) only find an association with prior year's earnings.[318] *Phillips et al.* (2003) further report that deferred tax expenses are managed to meet or just beat the profit threshold and prior year's earnings.[319] *Donelson et al.* (2013) find evidence that companies restating their earnings due to alleged GAAP violations display discontinuities around both earnings benchmarks for post-managed earnings, whereas this discontinuity is not observable for restated earnings. The results with regard to the profit threshold, however, are sensitive to the choice of the variable used to deflate current earnings.[320] *McVay et al.* (2006) further provide evidence that managers having trading incentives are more likely to reach the profit threshold and beat prior year's earnings.[321]

Overall, the empirical studies provide persuasive evidence of a link between earnings management and analysts' forecasts. With regard to prior year's earnings, the empirical results are somewhat less clear, whereas the use of current year's earnings as a proxy for earnings management appear to be rather unsubstantiated.[322] In addition, archival research indicates that analysts' forecasts is the primary threshold that is targeted. *Dechow et al.* (2003) and *Brown/Caylor* (2005) conclude that analysts' forecasts are the single most

---

315 Cf. *McVay et al.* (2006), p. 588.
316 Cf. *Ayers et al.* (2006), pp. 626 ff.
317 Cf. *Dechow et al.* (2003), pp. 366 ff.; *Coulton/Taylor* (2005), pp. 565 ff.
318 Cf. *Phillips et al.* (2003), pp. 512 ff.
319 Cf. *ibid.*
320 Cf. *Donelson et al.* (2013), pp. 258 ff.
321 Cf. *McVay et al.* (2006), p. 594.
322 Cf. *Dechow et al.* (2010), p. 365.

important thresholds.[323] *Nelson et al.* (2002) provide consistent results using a survey. They report that auditors identify analysts' forecasts as a main target of managers.[324]

3.1.2.5 Discretionary Accruals

3.1.2.5.1 Relation to Audit Quality

Accrual accounting grants managers discretion in the timing of cash flow recognition in earnings.[325] Managers could take advantage of such discretions to engage in earnings management.[326] In order to assess whether earnings are managed, accruals are decomposed into non-discretionary accruals and discretionary accruals. The non-discretionary component captures mandated accounting adjustments to the client's cash flows and reflects the fundamental performance of the client. The discretionary component then captures adjustments to cash flows systematically selected by managers and reflects distortions induced by the application of accounting rules or earnings management.[327] Assuming that the non-discretionary component is properly modeled, the discretionary component captures the distortion that is of lower earnings quality.[328]

---

323 Cf. *Dechow et al.* (2003), pp. 379 f.; *Brown/Caylor* (2005), pp. 424, 429 ff. Consistent with *Degeorge et al.* (1999), *Brown/Caylor* (2005) document that current year's earnings is the most relevant benchmark between 1985 and 1993. However, they find a shift of the threshold hierarchy between the years 1996 and 2002. Thus, the threshold hierarchy proposed by *Degeorge et al.* (1999) is not applicable to recent years. During the later periods, analysts' forecasts have become the single most important threshold. They attribute the shift, amongst others, to increased media coverage of companies. Furthermore, the capital market punishes (rewards) missing (beating) analysts' forecasts, and that managers as wealth maximizers have therefore altered their threshold prioritization. Similar results are presented by *Graham et al.* (2005) who survey CFOs about the importance of various earnings benchmarks. Although they report that prior year's earnings is what CFOs mostly focus on, they also find that increasing analyst coverage makes the perceived difference between prior year's earnings and analysts' forecasts indistinguishable. An increasing number of analysts covering a company therefore appears to increase the perceived importance of analysts' forecasts as a heuristic target. Cf. *Degeorge et al.* (1999), pp. 23 ff.; *Brown/Caylor* (2005), pp. 424, 429 ff.; *Graham et al.* (2005), pp. 21 ff.

324 Cf. *Nelson et al.* (2002), p. 189 ff.

325 Cf. *Dechow* (1994), p. 4; IFRS Conceptual Framework OB 17.

326 Cf. *Dechow* (1994), pp. 4 f.

327 Cf. *Healy* (1985), p. 89; *Dechow et al.* (2010), p. 358.

328 Cf. *Dechow et al.* (2010), p. 358.

Discretionary accruals can have positive and negative values. Positive discretionary accruals (*DA+*) reflect aggressive income-increasing accounting policies and indicate that earnings are being managed upwards.[329] Therefore, more positive values of discretionary accruals indicate lower earnings quality.[330] The association of negative discretionary accruals (*DA-*) and earnings management is less clear. On the one hand, negative discretionary accruals can reflect aggressive income-decreasing accounting policies to create "cookie jar reserves". By managing earnings downwards in the current period managers are then able to draw from these "cookie jars" to increase future earnings.[331] Overly conservative estimates of expenses could be then turned into income in the following periods. Furthermore, "Big Bath" accounting may be used to "clean up" the balance sheets.[332] More negative discretionary accruals would therefore indicate low earnings quality.[333] On the other hand, negative discretionary accruals can be viewed as an expression of accounting conservatism.[334] They might simply capture accounting conservatism laid out in the accounting standards and reflect the "normal" accounting processes of "*the on average understatement of the book value of net assets relative to their market value*."[335] The understatement can be attributed to expected unrecorded goodwills during the initial recognition of assets and liabilities (unconditional conservatism[336]), or book values getting written down under sufficiently adverse circumstances but not getting written up under favorable circumstances (conditional conservatism[337]).[338] A more timely recognition of losses is associated with conservative accounting and therefore higher earnings quality.[339]

---

329 Cf. *Myers et al.* (2003), p. 781.
330 Cf. *Lo* (2008), p. 351.
331 Cf. *Myers et al.* (2003), p. 792; *Levitt* (1998).
332 Cf. *Levitt* (1998).
333 Cf. *Lo* (2008), p. 351.
334 Cf. *Givoly/Hayn* (2000), p. 292; *Watts* (2003), p. 289; *Ball/Shivakumar* (2006), p. 209.
335 *Beaver/Ryan* (2005), p. 269.
336 An example of unconditional conservatism in the IFRS is the cost model in IAS 16.
337 An example of conditional conservatism in the IFRS is the impairment of assets in IAS 36.
338 Cf. *Beaver/Ryan* (2005), p. 269.
339 Cf. *Basu* (1997), p. 4; *Dechow et al.* (2010), pp. 363 f.

Although research shows that managers are more likely to overstate than understate earnings, [340] there is empirical evidence documenting that managers also have incentives to manage earnings downwards. For example, *Healy* (1985) reports that managers have incentives to take a "Big Bath" if pre-managed earnings are so low that the required earnings target to receive a bonus cannot be met with income-increasing accounting procedures. This increases the probability of meeting the earnings target in the future.[341] *Perry/Williams* (1994) find that management uses income-decreasing discretionary accruals to deflate earnings in the preceding period of a management buyout.[342] *Gul et al.* (2009) report that companies with extreme pre-managed earnings have stronger incentives to engage in downward earnings management via negative discretionary accruals.[343] Further evidence is provided by *Dichev et al.* (2014), who survey nearly 400 CFOs. *Dichev et al.* (2014) report that downward earnings management is a common instrument to reduce current earnings in order to boost earnings in future periods.[344] Together, these findings suggest that more negative discretionary accruals reflect downward earnings management via aggressive income-decreasing accounting policies and therefore indicate low earnings quality.[345] A high quality auditor is more likely to detect and constrain aggressive income-increasing/income-decreasing accounting policies. Therefore, audit quality is lower/higher if auditor-specific factors are associated with more/less extreme values of discretionary accruals.[346]

3.1.2.5.2 Prediction Models

In the literature, various prediction models are proposed to separate discretionary from non-discretionary accruals. The prediction models forecast the non-discretionary component of accruals. The difference between the realized accruals and the forecasted accruals from the prediction model then reflects

---

340 Cf. e.g. *Kinney/Martin* (1994), pp. 151 ff.; *Lennox et al.* (2014), p. 1787.
341 Cf. *Healy* (1985), pp. 86, 97.
342 Cf. *Perry/Williams* (1994), pp. 157 ff.
343 Cf. *Gul et al.* (2009), p. 280.
344 Cf. *Dichev et al.* (2014), pp. 15 f.
345 Cf. *Schipper* (1989), p. 98; *Becker et al.* (1998), p. 8; *Myers et al.* (2003), p. 781; *Gul et al.* (2009), p. 280.
346 Cf. *Becker et al.* (1998), p. 6; *Myers et al.* (2003), pp. 782 f.; *Francis* (2011), p. 130.

the discretionary component.[347] The prediction models can broadly be grouped into models that do and that do not peek ahead.[348] "No peek ahead" models only use past information in order to proxy the expected non-discretionary accruals.[349] These models assume that non-discretionary accruals are constant over time and have a mean of zero in the estimation period. However, non-discretionary accruals are likely to fluctuate from period to period depending on the economic circumstances of the company. Since the prediction models do not control for such circumstances (e.g. inventory, accounts receivable), the explanatory power of "no peek ahead" models is limited.[350] Due to the weaknesses, forecasted accruals are generally modeled with "peek ahead models", which do not assume constant non-discretionary accruals.[351] These models estimate the discretionary component by regressing the realized accruals (total accruals) on variables that are assumed to determine the non-discretionary component of accruals (e.g. revenue, property, plant and equipment, cash flows, etc.).[352]

To separate non-discretionary from discretionary accruals, a time-series estimation and a cross-sectional estimation of the coefficients can be used.[353] The time-series estimation has an estimation period and an event period. In the estimation period, the prediction model estimates the company-specific coefficients. In the event period, the discretionary accruals are extracted. The underlying assumption of the time-series estimation is that earnings management occurs in the event period but not in the estimation period. Since a rich set of contexts has been identified, in which managers have incentives to engage in earnings management, it is difficult to find such an estimation period.[354] Furthermore, a time series estimation can result in a substantially

---

347 Cf. *Healy/Wahlen* (1999), p. 370; *Thomas/Zhang* (2000), p. 348.
348 Cf. *Thomas/Zhang* (2000), pp. 352 f.
349 Cf. *Dechow/Sloan* (1995), p. 198.
350 Cf. *Kaplan* (1985), pp. 111 ff. For an overview of "no peek ahead" models, see *Ronen/Yaari* (2008), pp. 394 ff.
351 Cf. *Dechow/Sloan* (1995), p. 198; *Myers et al.* (2003), p. 783.
352 Cf. *Dechow/Sloan* (1995), pp. 198 f.
353 Cf. *McNichols* (2000), p. 324; *Ronen/Yaari* (2008), p. 407.
354 Cf. *McNichols* (2000), p. 324.

smaller sample size and can have serious survivorship bias.[355] A smaller sample size increases the risk of erroneously inferring that no earnings management has taken place (type II error). Since earnings management aims to avoid detection, the reduction of the type II error is of special concern.[356]

In the cross-sectional estimation, the less restrictive data selection requirements result in a significantly higher sample size, which reduces the risk of a type II error.[357] The benchmark of each company's accruals is the behavior of the other companies in a given cluster.[358] Companies within the same industry are assumed to behave homogeneously, i.e. companies have identical operating technology. For a given level of performance and if all companies within the same industry are at the same stage of the operating cycle, the magnitude of non-discretionary accruals is expected to be identical. The validity of the homogeneity assumption to capture non-discretionary accruals may be questioned,[359] but empirical evidence indicates the superiority of the cross-sectional estimation.[360] In the following section, commonly used prediction models are discussed and subsequently evaluated by their power to detect earnings management and by their explanatory power.

Jones Model

The Jones Model (JM) is the first of the "peek ahead models". In order to separate discretionary from the non-discretionary accruals, the magnitude of the non-discretionary accruals are estimated by regressing total accruals on the change in revenues and gross property, plant, and equipment.[361] Gross property, plant, and equipment control for the portion of total accruals related to non-discretionary depreciation expenses. Revenue is included to control for the effect of changes in the company's economic condition. All variables

---

355 Cf. *Bartov et al.* (2000), p. 444.

356 Cf. *Jeter/Shivakumar* (1999), p. 301; *Ronen/Yaari* (2008), pp. 415 f. The time-series estimation results in a potentially smaller sample size since at least 10 years of data are required. Cf. *Jeter/Shivakumar* (1999), p. 301; *McNichols* (2000), pp. 324 f.

357 Cf. *Ronen/Yaari* (2008), p. 416.

358 Cf. *McNichols* (2000), p. 325. The coefficients are not tailored to each company and are therefore not company-specific. Cf. *Ronen/Yaari* (2008), p. 407.

359 Cf. *Ronen/Yaari* (2008), p. 417.

360 Cf. *Jeter/Shivakumar* (1999), pp. 299 ff.; *Bartov et al.* (2000), pp. 421 ff.; *Ronen/Yaari* (2008), p. 417.

361 Cf. *Jones* (1991), pp. 210 f.

in the prediction models are deflated by lagged assets to reduce heteroscedasticity.[362]

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it} \quad (1)$$

where:

TA	=	Total accruals;
A	=	Total assets;
ΔRev	=	Change in revenues;
PPE	=	Gross property, plant, and equipment;
ε	=	Error term;
i	=	Index for company, i = 1, 2, …, N; and
t	=	Index for the period (year), t = 1, 2, …, T.

Modified Jones Model

Dechow/Sloan (1995) criticize the assumption of the JM that revenues are non-discretionary, i.e. they are exogenous and are therefore "*an objective measure of the company's operation before managers' manipulation.*"[363] In their prediction model, the modified Jones Model (MJM), the change in receivables (the accrued revenues) is deducted from the change in revenues. The MJM assumes that all changes in credit sales in the event period result from earnings management.[364] They argue that if earnings are managed by accruing revenue, the JM extracts part of the managed earnings from the discretionary component. The estimate of earnings management would then be biased towards zero.[365] Adjusting the change in revenues for the change in receivables should dispose the bias towards zero in samples where earnings have been managed by managing revenues.[366]

---

362 Cf. *Jones* (1991), pp. 211 f.
363 *Ibid.*, p. 212.
364 Cf. *Dechow/Sloan* (1995), p. 199.
365 Cf. *Jones* (1991), footnote 31; *Dechow/Sloan* (1995), p. 199.
366 Cf. *Dechow/Sloan* (1995), p. 199.

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it} \quad (2)$$

where:

ΔRec = Change in receivables.

Performance Adjusted Jones Model

Kothari et al. (2005) augment the JM and MJM by a performance measure (PAJM_JM and PAJM_MJM, respectively), the current or past year's return on assets.[367] The motive to augment the JM and MJM by a performance measure is that prior research indicates that total accruals and discretionary accruals are significantly influenced by the company's contemporaneous and past performance.[368] Discretionary accruals are shown to be more positive (negative) for companies with extremely good (poor) performance.[369] Failing to control for the company's performance may then lead to a spurious indication of discretionary accruals when financial performance is extreme.[370]

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it\ or\ it-1}/A_{it-1}] + \varepsilon_{it} \quad (3)$$

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it\ or\ it-1}/A_{it-1}] + \varepsilon_{it} \quad (4)$$

where:

RoA = Return on assets.

---

367 Cf. *Kothari et al.* (2005), pp. 169, 173 f. They use the return on assets since matching on return on assets results in better specified and more powerful tests when analyzing long-run abnormal stock and abnormal operation performance. Cf. *ibid.*, p. 169.

368 Cf. *Dechow/Sloan* (1995), pp. 205 ff.; *Kothari et al.* (2005), pp. 167 ff.

369 Cf. *Dechow/Sloan* (1995), pp. 208 f.; *Butler et al.* (2004), p. 156.

370 Cf. *Dechow/Sloan* (1995), pp. 205 ff.; *Kothari et al.* (2005), pp. 167 ff.

Forward Looking Jones Model

The forward looking Jones Model (FLJM) proposed by *Dechow et al.* (2003) makes three adjustments to the MJM. First, non-discretionary credit sales are separated from discretionary credit sales. Hence, not all changes in receivables in each period are discretionary as proposed by *Dechow/Sloan* (1995). To extract the non-discretionary component of the receivables, the change in revenues is regressed on the change in sales.

$$[\Delta Rec_{it}/A_{it-1}] = \beta_0 + k[\Delta Rev_{it}/A_{it-1}] + \varepsilon_{it} \quad (5)$$

The slope coefficient *k* of the change in sales captures the expected change in receivables for a given change in sales and represents the non-discretionary component. This non-discretionary component (the coefficient *k* multiplied by change in revenues) is then added back to the change in receivables.[371] Second, the lagged value of the total accruals is included since accruals reverse themselves through time. Lastly, future growth in sales is incorporated into the model. The authors argue that a growing company increases the inventory to build up supply with the anticipation of future sales. Not controlling for future sales growth, as in the JM, could lead to erroneously classifying such an increase as earnings management.[372]

$$\begin{aligned} TA_{it}/A_{it-1} = {} & \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[((1+k)\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] \\ & + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[TA_{it-1}/A_{it-1}] + \beta_5[\Delta Rev_{it+1}/A_{it-1}] \\ & + \varepsilon_{it} \end{aligned} \quad (6)$$

where:

ΔRev_{it+1} = Change in revenues from current to next year.

---

371 Cf. *Dechow et al.* (2003), pp. 358 f.

372 Cf. *McNichols* (2000), pp. 325 ff.; *Dechow et al.* (2003), p. 359; *Ronen/Yaari* (2008), p. 438.

Dechow-Dichev Model

The Dechow-Dichev Model (DDM) regresses working capital accruals on past-year, current and one year ahead operating cash flow realizations and examines how well they map into the operating cash flow realizations.[373] Working capital accruals are used since cash flow realizations of working capital usually occur within one year.[374] The basic intuition of the model is that opening accruals of revenues or expenses that are recognized before cash is received or paid are subject to manager's estimation and can contain estimation errors (amount accrued less the amount realized[375]). Opening accruals, however, that are caused by cash received or paid before they are recognized in earnings, contain no estimation error. Estimation errors therefore only exist for future cash flow realizations and represent accruals that are unrelated to cash flow realizations.[376] The model itself is not specified to detect earnings management[377], but to detect generally estimation errors.[378] Nevertheless, the DDM is widely used in auditing research[379] because the magnitude of estimation errors are likely to be related to managerial opportunism.[380]

$$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \varepsilon_{it} \quad (7)$$

where:

WCA = Working capital accruals; and

OCF = Operating cash flow.

---

373 Cf. *Dechow/Dichev* (2002), p. 36.

374 Cf. *ibid.*, p. 37. This assumption is further substantiated by the average operating cycle of 141 days (standard deviation of 62 days) in their sample. Cf. *ibid.*, p. 47.

375 Cf. *McNichols* (2002), p. 62.

376 Cf. *Dechow/Dichev* (2002), pp. 37 ff.

377 *Dechow/Dichev* (2002) state: "*For our purpose, we do not attempt to disentangle "intentional" estimation errors from unintentional errors because both imply low-quality accruals and earnings*". *Ibid.*, p. 36.

378 Cf. *Dechow/Dichev* (2002), p. 36; *McNichols* (2002), p. 65.

379 Cf. e.g. *Jones et al.* (2008), p. 504.

380 Cf. *Dechow/Dichev* (2002), footnote 7.

McNichols Model

McNichols (2002) proposes to combine the JM and the DDM in order to attenuate the weaknesses of both prediction models. The DDM assumes that current accruals are linked immediately to the adjacent periods, which limits the applicability of the model to companies with only short-term operations. However, deferred taxes or depreciation are long series of leads and lags, and would possibly be erroneously treated as estimation errors.[381] The JM assumes that accruals react solely to the current change in sales.[382] By combining both models, the inclusion of the gross property, plant, and equipment in the DDM controls for the portion of total accruals that is related to non-discretionary depreciation expenses. This relaxes the assumption of the DDM of the short-term nature of operations. The inclusion of the past, current, and year-ahead operating cash flows in the JM controls for the economic fundamentals of the company, which reduces the risk that accruals of companies with high growth rates that build up inventory in the anticipation of future sales are erroneously classified as discretionary.[383]

$$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta Rev_{it}/A_{it-1}] + \beta_6[PPE_{it+1}/A_{it-1}] + \varepsilon_{it} \quad (8)$$

Ball-Shivakumar Model

Previous literature suggests that prediction models failing to control for the company's financial performance can lead to misspecifications.[384] *Kothari et al.* (2005) control for the company's performance by including a performance measure in the prediction model. *Ball/Shivakumar* (2006) further argue that the relationship between accruals and cash flows is not linear. Empirical evidence supports the notion that accruals exhibit conditional conservatism in recognizing gains and losses, i.e. losses are generally recognized in a more

---

381 Cf. *McNichols* (2002), pp. 62 f.
382 Cf. *ibid.*, p. 65.
383 Cf. *Jones* (1991), p. 211; *McNichols* (2002), p. 65; *Dechow et al.* (2003), p. 359.
384 Cf. *Dechow/Sloan* (1995), pp. 205 ff.; *Kothari et al.* (2005), pp. 167 f.

timely fashion than gains.[385] This asymmetry implies that the correlation between cash flows and accruals is greater in periods with losses than with gains. *Ball/Shivakumar* (2006) extend the JM and the DDM by incorporating the operating cash flow as the proxy for economic loss.

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[OCF_{it}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it} \quad (9)$$

$$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[DOCF_{it}/A_{it-1}] + \beta_5[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it} \quad (10)$$

where:

DOCF = Dummy variable coded 1 if the operating cash flow is negative, and 0 otherwise.

The coefficient on the interaction term is expected to have a positive sign in years when *DOCF* equals to 1, i.e. the company has a negative operating cash flow, if losses are generally recognized in a more timely fashion than gains (i.e. the correlation between cash flows and accruals is greater in periods with losses than with gains).[386] As alternative loss proxies, *Ball/Shivakumar* (2006) also use the change in operating cash flows and the industry-adjusted operating cash flow.[387]

3.1.2.5.3 Evaluation of the Prediction Models

In general, the discussed prediction models are based on the JM and/or the DDM. The variety of models poses the questions which is "best" fitted to extract the discretionary accruals as a measure of earnings management. In the literature, prediction models are evaluated by (1) their power to detect

---

385 Cf. *Basu* (1997), pp. 3 ff.; *Ball/Shivakumar* (2006), pp. 207 ff.; *Guay* (2006), pp. 248 ff.;

386 Cf. *Ball/Shivakumar* (2006), pp. 208, 213 ff.

387 The industry-adjusted operating cash flow is calculated as the company-specific operating cash flow minus the median operating cash flow of the industry that the company belongs to. Cf. *Ball/Shivakumar* (2006), pp. 213 ff.

earnings management, and (2) their explanatory power. The power to detect earnings management is assessed by the rejection rate (usually at the 5% level) of type I errors and type II errors. Type I errors occur if the hypothesis that companies do not manage earnings is erroneously rejected,[388] i.e. non-discretionary accruals are erroneously classified as discretionary.[389] Type II errors occur if the hypothesis that companies do not manage earnings is erroneously accepted,[390] i.e. discretionary accruals are erroneously classified as non-discretionary.[391] To test the rejection rate of type I errors, samples where earning management is unlikely to be present are examined. Random samples and samples with companies that show extreme financial performance are assumed to be "free" of earnings management.[392,393] Excessive rejection rates of the null hypothesis (no earnings management has taken place) indicate misspecification of the applied prediction model.[394] Type II errors are tested with samples that are known to have companies with managed earnings.[395] These are companies where earnings management is artificially induced or companies that are subject to enforcement actions and/or restate their earnings.[396] Higher rejection rates of the null hypothesis indicate a more powerful model to detect earnings management.[397] The following sections

---

388 Cf. *Dechow/Sloan* (1995), p. 194; *Ronen/Yaari* (2008), p. 424.
389 Cf. *Ronen/Yaari* (2008), p. 427.
390 Cf. *Dechow/Sloan* (1995), p. 194; *Ronen/Yaari* (2008), p. 424.
391 Cf. *Ronen/Yaari* (2008), p. 431.
392 Cf. *ibid.*, p. 425. Type I errors are suspected in random samples if earnings management is detected by the model. The assumption is that companies that do manage their earnings, manage their earnings in opposite direction. Thus, in large enough samples the effects offset each other. Cf. *ibid.*, pp. 428 f.
393 The validity of the results depends on the assumptions that random samples and samples with high performing companies are "free" from earnings management. Whether these assumptions hold is disputable. For example, *Gul et al.* (2009) argue that companies with extremely high and extremely low performance have greater incentives to manage earnings downwards or take a big bath using negative discretionary accruals. Furthermore, *Bartov et al.* (2000) report that discretionary accruals are positively associated with the propensity of issuing a GCO. Assuming that companies in financial distress also display low financial performances, the results of *Bartov et al.* (2000) corroborate the notion that companies with extreme financial performance also engage in earnings management. Cf. *ibid.*, pp. 439 ff.; *Gul et al.* (2009), p. 280.
394 Cf. *Kothari et al.* (2005), p. 184.
395 Cf. *Dechow/Sloan* (1995), p. 194; *Ronen/Yaari* (2008), p. 430.
396 Cf. *Dechow/Sloan* (1995), p. 200.
397 Cf. *Alcarria Jaime/de Albornoz Noguer* (2004), p. 86.

discuss empirical evidence examining the power of different prediction models in detecting earnings management.

Type I error

The JM and MJM appear to be well-specified in random samples. The observed rejection frequency in the income-increasing and income-decreasing subsample does not exceed the specified test levels (5% or 1%).[398] For companies with extreme cash flow performance,[399] *Kothari et al.* (2005) report that the JM and MJM appear to be both misspecified in the income-increasing and income-decreasing subsample with a higher rejection rate of the MJM. Adding the current year's or prior year's return on assets as an additional regressor to control for the company's performance leads to a decrease in the rejection rate. The misspecification is attenuated but the rejection rates remain above the test levels.[400] *Peasnell et al.* (2000) and *Alcarria Jaime/de Albornoz Noguer* (2004) also report that the JM and MJM appear to be misspecified when using the level of cash flow as the performance measure. Companies with higher (lower) levels of cash flow show significantly negative (positive) discretionary accruals. Since samples with companies with extreme financial performance are assumed to be "free" of earnings management, these results suggest that the JM and MJM capture the application of the matching principle under accrual accounting rather than earnings management.[401,402]

---

398 Cf. *Peasnell et al.* (2000), pp. 321 ff.; *Alcarria Jaime/de Albornoz Noguer* (2004), pp. 86 f. I do not present the results of the study conducted by *Dechow/Sloan* (1995) since they use a time-series estimation. Cf. *ibid.*, p. 200.

399 *Kothari et al.* (2005) also use the book-to-market value, the sales growth, the earnings-to-price ratio and the size of the company as performance measures and report similar results. Cf. *ibid.*, p. 167.

400 Cf. *Kothari et al.* (2005), pp. 180 ff.

401 Cf. *Dechow/Sloan* (1995), p. 209; *Peasnell et al.* (2000), pp. 321 ff.; *Alcarria Jaime/de Albornoz Noguer* (2004), pp. 87 ff. *Jeter/Shivakumar* (1999) also use the cash flow as the performance measure and report a negative association between discretionary accruals and cash flows. Cf. *ibid.*, pp. 312 f.

402 *Alcarria Jaime/de Albornoz Noguer* (2004), however, cannot corroborate this finding when using the growth in sales as an alternative measure for financial performance. The discretionary accruals do not differ significantly between different levels of growth in sales. Cf. *ibid.*, pp. 91 ff.

Type II error

Alcarria Jaime/de Albornoz Noguer (2004) document that the MJM is superior to the JM in detecting revenue-based earnings management,[403] whereas *Peasnell et al.* (2000) report a similar detection ability of the JM and MJM.[404] Using expense and bad debt manipulation, *Peasnell et al.* (2000) and *Alcarria Jaime/de Albornoz Noguer* (2004) document a similar detection ability of the JM and MJM.[405] *Peek et al.* (2013) compare the MJM with DDM in a cross-country study.[406] Although the power to detect sales and operating expense manipulation varies between different countries, the power to detect earnings management is in general higher for the DDM.[407] *Jones et al.* (2008) compare the JM, the MJM, the PAJM, the DDM, and the McNichols Model with a sample of companies that restate earnings.[408] They find that the extracted discretionary accruals of all prediction models are associated with restating companies, with the McNichols Model having the highest and the DDM the second highest association. The JM has the lowest association, followed by the MJM and the PAJM.[409] The authors conclude that the McNichols Model and the DDM have the greatest predictive power to detect earnings management.[410]

Explanatory Power

Using the explanatory power to assess the prediction models, *McNichols* (2002) and *Ball/Shivakumar* (2006) indicate that the DDM is superior to the JM.[411] Furthermore, *McNichols* (2002) shows that the combination of the JM and the DDM leads to an even higher explanatory power.[412] *Dechow et al.* (2003) compare the JM with the FLJM and document the superiority of

---

403 Cf. *Dechow/Sloan* (1995), pp. 222 f.; *Alcarria Jaime/de Albornoz Noguer* (2004), pp. 96 ff.
404 Cf. *Peasnell et al.* (2000), pp. 323 ff.
405 Cf. *Dechow/Sloan* (1995), pp. 222 f.; *Peasnell et al.* (2000), pp. 323 ff.; *Alcarria Jaime/de Albornoz Noguer* (2004), pp. 96 ff.
406 Cf. *Peek et al.* (2013), pp. 533 ff. They use data from Australia, Canada, France, Germany, Italy, Japan, the Netherlands, the UK, and the U.S. Cf. *ibid.*, p. 543.
407 Cf. *Peek et al.* (2013), pp. 559 f.
408 Cf. *Jones et al.* (2008), pp. 499 ff.
409 Cf. *ibid.*, p. 521.
410 Cf. *ibid.*, p. 520.
411 Cf. *McNichols* (2002), p. 66; *Ball/Shivakumar* (2006), p. 217.
412 Cf. *McNichols* (2002), p. 66.

the latter prediction model.[413] *Ball/Shivakumar* (2006) extend the JM and DDM with proxies capturing a more timely recognition of losses and report higher explanatory powers for the models incorporating loss proxies.[414]

The lack of comprehensive studies does not allow to identify a single superior prediction model.[415] However, the above presented results point to the superiority of prediction models that "improve" the JM and MJM, or use/are based on the DDM.

3.1.2.5.4 Discussion

As previously discussed, managers have discretion in choosing the timing of the recognition of revenue/expense of a transaction. By transferring earnings between periods, managers are able to modify profitability to a certain extent and manage earnings.[416] Discretionary accruals are assumed to proxy the extent to which earnings are managed and can therefore be used to infer audit quality. The link between the magnitude of discretionary accruals and earnings quality, and the link between earnings quality and audit quality has been subject to some criticism.

Discretionary Accruals and Earnings Quality

The link between discretionary accruals and low earnings quality due to earnings being managed is subject to some discussion in the literature. It is argued that accruals can also be viewed as a component of profitability. In addition, accruals can also capture a component of investment and therefore measure investments in working capital.[417] Changes in working capital follow closely the company's business stage, and a rapidly growing company would be expected to have higher accruals, e.g. during expansion the company increases the capacity and builds up inventory that could lead to positive accruals.[418] A further point of criticism is whether discretionary accruals derived from the

---

413 Cf. *Dechow et al.* (2003), pp. 360 ff.
414 Cf. *Ball/Shivakumar* (2006), pp. 219 f.
415 Cf. *Lim/Tan* (2010), p. 934.
416 Cf. *Healy* (1985), p. 89
417 Cf. *Fairfield et al.* (2003), pp. 354 ff.; *Zhang* (2007), pp. 1336 f.
418 Cf. *McNichols* (2000), pp. 328 f.; *Zhang* (2007), pp. 1336 f.

cross-sectional approach capture earnings management. A cross-sectional estimation assumes that companies within the same sample cluster behave identically. One implication is that all managers within a cluster behave identically, and also have the same set of incentives to manage earnings. Since prediction models do not fully incorporate incentives to manage earnings, measurement errors can arise and could lead to erroneous conclusions that earnings are being managed when they are actually not.[419] For example, a company that is attempting to gain market share on a competitor by providing incentives to the distributor to increase the stock of products, leads to an increase of the account receivables if the distributor accepts the offer. Due to the company's strategy, unusually high non-discretionary accruals would be classified as high discretionary accruals. This company, however, is not distinguishable from a company that is inflating the revenue on purpose.[420] Furthermore, managers are likely to engage in earnings management if they believe that peers within the same industry engage in earnings management.[421] This may lead to an overstatement of non-discretionary accruals and to the understatement of the extent of earnings management.[422]

The above-discussed criticism questions whether cross-sectional variations of discretionary accruals reflect earnings quality and how audit quality can be inferred if the properties of discretionary accruals are only of statistical nature.[423] Higher values of discretionary accruals do not automatically imply that the underlying financial statements contain misstatements.[424] Several studies, however, document a link between the magnitude of discretionary accruals and earnings quality. *Dechow et al.* (2011) establish a link between the magnitude of discretionary accruals and accounting misstatements. Their results indicate that the level of discretionary accruals is unusually high in misstating years.[425] *Dechow et al.* (1996) show that the magnitude of discre-

---

419 Cf. *McNichols* (2000), pp. 323 ff.
420 Cf. *Beneish* (2001), pp. 6 f. For further illustrations, see *McNichols* (2000), pp. 325 ff.
421 Cf. *Bagnoli/Watts* (2000), pp. 377 ff.
422 Cf. *McNichols* (2000), pp. 324 f.
423 Cf. *Francis* (2011), p. 131.
424 Cf. *Dechow/Skinner* (2000), p. 236; *Francis* (2011), p. 131.
425 Cf. *Dechow et al.* (2011), pp. 19, 43 ff.

tionary accruals gradually increases as the alleged year of earnings manipulation (SEC Enforcement Actions) approaches and declines sharply because of the reversal of prior accrual overstatements.[426] *Heninger* (2001) reports that higher values of positive discretionary accruals increase auditor litigation risk,[427] and *Jones et al.* (2008) find that increases in discretionary accruals are associated with a higher probability of fraud.[428] Furthermore, *Dichev et al.* (2014) report that CFOs view high levels of accruals as a "red flag" for earnings managements.[429] The results of the studies show that companies whose earnings-metrics are out of line with the statistical norm are more likely to be violating accounting standards. An auditor could therefore use discretionary accruals as a forward-looking risk diagnostic tool.[430]

Earnings Quality and Audit Quality

More direct links between earnings quality and audit quality are established by *Caramanis/Lennox* (2008) and *Gunny/Zhang* (2013). *Caramanis/Lennox* (2008) infer audit quality by the engagement hours and find that discretionary accruals are lower for companies where the audit engagement hours are higher.[431] *Gunny/Zhang* (2013) use information disclosed in the PCAOB inspection reports. They find that clients from audit firms, where the PCAOB detects serious deficiency[432] have higher discretionary accruals than companies using a "clean" auditor.[433] Especially the result of *Gunny/Zhang* (2013) are insofar important as they establish a direct link between audit failure and the level of discretionary accruals.[434]

---

426 Cf. *Dechow et al.* (1996), pp. 18 f.
427 Cf. *Heninger* (2001), pp. 117 ff.
428 Cf. *Jones et al.* (2008), pp. 516 ff.
429 Cf. *Dichev et al.* (2014), p. 20.
430 Cf. *Francis* (2011), p. 131.
431 Cf. *Caramanis/Lennox* (2008), pp. 126 ff.
432 The PCAOB reviews selected audit engagements where the risk of audit failure is high. An audit firm is classified as deficient if it failed to identify departure from GAAP and/or if that a particular deficiency resulted in a restatement. Cf. *Gunny/Zhang* (2013), pp. 139 ff.
433 Cf. *ibid.*, pp. 146 ff.
434 Cf. *Francis* (2011), p. 131.

3.1.3 Overall Discussion

The presented proxies either have a binary character, i.e. audit failure or no audit failure, or a continuous character, i.e. all audits are assumed to meet minimum legal and professional standards.[435] Some argue that as long as there is no direct evidence of GAAP violation, audit quality is satisfactory and therefore dismiss the use of continuous proxies to infer audit quality.[436] However, empirical evidence points to a very low audit failure rate. The rate of companies that do not receive a GCO and subsequently fail (type II error) is with approximately 1.5% extremely low.[437] According to *Scholz* (2008), the number of restatements released by exchange-listed companies between the years 1997 and 2006 amount to 3,310.[438] *Ettredge et al.* (2010) identify 1,240 restatement cases between 1994 and 2003, whereas *Huang/Scholz* (2012) document 2,314 cases between the years 2003 and 2007.[439] Compared to the U.S. market, restatement cases for the German market are considerably lower. Between the years 2005 to 2009, only 91 restatement cases were made public.[440] *Dechow et al.* (2011) report 2,190 cases of SEC enforcement actions between the years 1982 and 2005, whereas *Beasley et al.* (2010) find 1,335 cases between the years 1998 and 2007.[441,442] Given that there are more than 10,000 SEC registrants per year, the rate of restatements and enforcement actions are extremely low.[443] With regard to the litigation rate, *Palmrose* (1988) documents for the United States a rate of approximately 4% (472 out of 10,702) between the years 1960 to 1985, with only 112 cases in which the auditor is ordered to pay damages.[444] *Franz et*

---

435 Cf. *Francis* (2004), p. 352.
436 Cf. *Francis* (2011), footnote 15.
437 *Carson et al.* (2013) as well as *Myers et al.* (2014) report a rate of approximately 1.4% and 1.69%, respectively. This is comparable to the figures reported in *Francis* (2011). Cf. *Francis* (2011), p. 129; *Carson et al.* (2013), p. 356; *Myers et al.* (2014), p. 9.
438 Cf. *Scholz* (2008), p. 2.
439 Cf. *Ettredge et al.* (2010), p. 339; *Huang/Scholz* (2012), p. 448. The substantial difference of approximately 12 restatement cases per year reported in *Ettredge et al.* (2010) and approximately 463 cases per year in *Huang/Scholz* (2012) can be explained by an increase in restatement cases beginning with the year 2001. Cf. *Scholz* (2008), pp. 1 ff.
440 Cf. *Hitz et al.* (2012), p. 266.
441 Cf. *Beasley et al.* (2010), p. 1; *Dechow et al.* (2011), p. 27.
442 In only 83 cases, the auditor was named in the SEC enforcement action due to alleged involvement in fraud. Cf. *Beasley et al.* (2010), p. 37.
443 Cf. *Francis* (2011), p. 128.
444 Cf. *Palmrose* (1988), p. 69, footnote 15.

al. (1998) report an even lower rate of approximately 1.8% (80 out of 4,470).[445,446] For the German market, *Sunderdiek* (2006) finds only 34 litigation cases in 54 years.[447]

Audit failure rates are as illustrated extremely low, but nonetheless they provide valuable insights when studying drivers of audit failure. Audit failures provide an opportunity to focus on such engagements and allow to identify (more) clearly factors that promote audit failure. They can also shed light on the question if or how audit failure can be further reduced, and whether new regulations pronounced by standard setters can help to reduce audit failures. The true failure rate, however, is likely to be higher.[448] Many low-quality audits are of no better quality than those that were identified from an outside party as audit failures and are likely to remain undetected. Studying these audits that are technically classified as no audit failures provide further insights.[449] Therefore, continuous quality measures cannot be dismissed on the grounds that audit quality is satisfactory as long as there is no direct evidence of GAAP violation.[450] Furthermore, aggressive accounting policies that are within the applicable accounting standards can have an economic effect for (potential) investors, the auditor, and companies.[451] For example, *Sloan* (1996) and *Xie* (2001) suggest that the objective of accruals to better inform about the entity's past and future performance is undermined by high levels of discretionary accruals, which reduce the informativeness for investors.[452] In detail, they find that extreme accruals are mispriced in the short

---

445 Cf. *Franz et al.* (1998), pp. 123 ff. The sample period includes the years 1976 until 1994. Cf. *ibid.*, pp. 123.

446 *Carcello/Palmrose* (1994) report a higher rate of 18% between the years 1972 and 1992. The rate of successful litigation is approximately 5%. The relatively high percentage reported in *Carcello/Palmrose* (1994) is partially due to the fact that they only consider companies that filed for bankruptcy. Cf. *ibid.*, pp. 8, 23.

447 In only 3 cases the auditor was deemed to pay damages. Cf. *Sunderdiek* (2006), pp. 106 ff.

448 Cf. *Francis* (2011), p. 129.

449 Cf. *Francis* (2004), p. 348; *Francis* (2011), p. 129.

450 Cf. *Francis* (2011), footnote 15.

451 Cf. *ibid.*, p. 131.

452 Cf. *ibid.*

term, and that the mispricing is largely due to discretionary accruals.[453,454] A company with extreme income-increasing discretionary accruals that is mispriced initially suffers from lower stock returns in the future. A large drop in the stock price could trigger lawsuits. The auditor has therefore incentives to constrain aggressive earnings management behavior.[455] *Francis et al.* (2004) further provide evidence on how the level of discretionary accruals has an economic effect on a company. Companies that belong to the worst and best accrual quality deciles have a 261 basis points difference in cost of equity capital.[456] From this point of view, companies have an economic interest in having high audit quality that is above the minimum legal requirements.

3.2 Literature Review

As discussed previously, audit quality depends on various factors that influence the audit process. One of the factors that might influence audit quality is the tenure of the auditor (→ 2.2.3). The effect on audit quality, however, is ambiguous and has therefore been subject to much discussion. On the one hand, audit quality might be lower in the early periods of the auditor tenure. The lack of client-specific knowledge might negatively affect the probability of detecting a breach in the client's accounting system.[457] On the other hand, audit quality might deteriorate with ongoing auditor tenure due to a lower probability of reporting a detected breach in order to retain a client.[458] Empirical evidence exists for auditor tenure at audit firm and audit partner level. A fairly rich body of empirical studies deals with the effect of audit firm tenure on audit quality in institutional settings where audit firm tenure is not limited to a predetermined period (voluntary audit firm rotation regime). Empirical

---

453 Cf. *Sloan* (1996), pp. 306 ff.; *Xie* (2001), p. 357 ff. *Francis* (2011), p. 131. In the long term, however, the market understands the mispricing and adjusts the stock returns. Cf. *Sloan* (1996), pp. 306 ff.; *Francis* (2011), p. 131.

454 Cf. *Bradshaw et al.* (2001) can corroborate the findings of *Sloan* (1996). Cf. *Bradshaw et al.* (2001), pp. 54 ff.

455 Cf. *Francis* (2011), p. 131.

456 Cf. *Francis et al.* (2004), p. 970.

457 Cf. *Catanach/Walker* (1999), p. 45; *Johnson et al.* (2002), pp. 641 f.; *Myers et al.* (2003), p. 782; *Carcello/Nagy* (2004), p. 58; *Stanley/DeZoort* (2007), pp. 134 f.

458 Cf. *DeAngelo* (1981a), pp. 113 ff.; *Myers et al.* (2003), p. 781; *Carey/Simnett* (2006), pp. 656 f.; *Chen et al.* (2008), p. 420.

evidence in mandatory audit firm rotation regimes is scarce since only a handful of countries have implemented such a rotation requirement at audit firm level (e.g. Italy or Brazil).[459] Empirical evidence at audit partner level is in general scarce, mainly due to data restrictions. Only a few countries (e.g. Germany, Taiwan and Australia) publicly disclose the names of the audit partners that have signed the audit report. In the following sections, empirical evidence is presented, separately for studies investigating the effect of audit firm tenure (→ 3.2.1), of audit partner tenure (→ 3.2.2), and for studies investigating the joint effect of audit firm and audit partner tenure (→ 3.2.3).

3.2.1 Evidence at Audit Firm Level

Propensity of Issuing a GCO

Geiger/Raghunandan (2002a) and *Jackson et al.* (2008) find in voluntary audit firm rotation regime a positive association between audit firm tenure and the propensity of issuing a GCO in a voluntary audit firm rotation regime,[460] while *Louwers* (1998), *Francis/Yu* (2009), *Boone et al.* (2010) and *Ratzinger-Sakel* (2013) fail to find an association.[461,462] *Ruiz-Barbadillo et al.* (2009) use a Spanish sample and compare the propensity of issuing a GCO in periods with and without a mandatory audit firm rotation requirement. They report that a GCO is less likely to be issued in periods with a mandatory audit firm rotation requirement.[463]

---

459 Cf. *Ruiz-Barbadillo et al.* (2009), p. 132.

460 Cf. *Geiger/Raghunandan* (2002a), pp. 73 f.; *Jackson et al.* (2008), pp. 426 ff. *Jackson et al.* (2008) however, do not restrict the analysis to financially distressed companies.

461 Cf. *Louwers* (1998), pp. 152 f.; *Francis/Yu* (2009), pp. 1543 ff.; *Boone et al.* (2010), pp. 344 ff.; *Ratzinger-Sakel* (2013), pp. 144 ff. However, *Francis/Yu* (2009) and *Boone et al.* (2010) only have observations from clients of Big4 audit firms in their sample. Cf. *Francis/Yu* (2009), p. 1521; *Boone et al.* (2010), p. 330.

462 *Vanstraelen* (2000) and *Knechel/Vanstraelen* (2007) also investigate the effect of audit firm tenure for a Belgian sample. In Belgium, the institutional setting is somewhat special. The auditor is appointed for a period of three years which can be renewed without limitation. *Vanstraelen* (2000) uses modified audit reports and does not restrict the analysis to audit reports that highlight going-concern issues. She reports a negative association between audit firm tenure and the propensity of issuing a modified audit report. *Knechel/Vanstraelen* (2007) use a sample consisting of private Belgian firms. They do not find an association between audit firm tenure and the propensity of issuing a GCO. Cf. *Vanstraelen* (2000), pp. 419 ff.; *Knechel/Vanstraelen* (2007), pp. 113 ff.

463 Cf. *Ruiz-Barbadillo et al.* (2009), pp. 124 ff.

Earnings Quality

In a voluntary audit firm rotation regime, *Carcello/Nagy* (2004) report that fraudulent financial reporting[464] is more likely in the early periods of audit firm tenure.[465] *Stanley/DeZoort* (2007) use the probability of issuing a restatement and report that a financial restatement is less likely to occur as audit firm tenure increases.[466] *Davis et al.* (2009) use analysts' expectations as the targeted benchmark. The approach of *Davis et al.* (2009) in classifying companies meeting or just beating analysts' expectations is somewhat special and noteworthy. Only companies that use discretionary accruals to meet or just beat analysts' forecasts are classified as benchmark beating companies.[467] *Davis et al.* (2009) find that the probability of meeting or just beating analysts' forecasts is higher in the initial periods of audit firm tenure.[468] On the contrary, *Francis/Yu* (2009) do not report an association between benchmark beating companies and audit firm tenure using the profit threshold and prior year's earning.[469] *Quick/Wiemann* (2012) find that the probability of meeting or just beating the profit threshold is positively associated with audit firm tenure, but do not find an association between audit firm tenure and the probability of meeting or just beating prior year's earnings.[470]

Numerous studies investigate the relationship between audit firm tenure and the magnitude of discretionary accruals in voluntary audit firm rotation regimes. The majority of these studies find that aggressive income-increasing

---

464 Although fraudulent financial reporting may result in financial statements being restated, they are not necessarily identical. Restated financial statements might also occur due to unintentional errors.

465 Cf. *Carcello/Nagy* (2004), pp. 64 ff.

466 Cf. *Stanley/DeZoort* (2007), pp. 143 ff.

467 The restriction reduces the risk that companies that have also engaged in real earnings management in order to achieve the targeted benchmark are classified as benchmark beaters. *Graham et al.* (2005) provide evidence that management is willing to engage in real earnings management, i.e. cutting down on R&D, advertising, and maintenance expenses, or delaying projects to the future in order to reach a targeted benchmark. Since it is not the responsibility of the auditor to judge on the appropriateness of such actions, using the "conventional" approach to classify benchmark beaters could lead to biased results with regard to audit quality. Cf. *ibid.*, pp. 32 ff.; *Davis et al.* (2009), pp. 524 f.

468 They also find some evidence that the probability of meeting or just beating analysts' forecasts decreases in the initial periods of the engagement and increases in the later periods. Cf. *Davis et al.* (2009), p. 532.

469 Cf. *Francis/Yu* (2009), pp. 1541 ff.

470 Cf. *Quick/Wiemann* (2012), pp. 1124 ff.

accounting policies are constrained to a greater extent as audit firm tenure increases.[471] Empirical evidence of the extent to which only aggressive income-decreasing accounting policies are constrained is mixed. *Frankel et al.* (2002) and *Myers et al.* (2003) find that the extent to which aggressive income-decreasing accounting policies are constrained increases with audit firm tenure, whereas *Chen et al.* (2008) and *Gul et al.* (2009) report that aggressive income-decreasing accounting policies are constrained to a lesser extent as audit firm tenure increases. *Quick/Wiemann* (2011) and *Molls* (2013) do not find evidence for an association.[472] *Chi/Huang* (2005) further report the presence of a U-shaped form, which indicates that aggressive income-increasing accounting policies are constrained to a lesser extent in the initial and later periods of audit firm tenure.[473]

Empirical evidence on the effect of audit firm tenure in a mandatory rotation regime is scarce. Solely, *Cameran et al.* (2014) provide evidence using the magnitude of discretionary accruals for the Italian market. In Italy, the audit firm is appointed for a 3-year-period, which can be renewed twice, hence, an audit firm is to rotate-off after 9 years.[474] *Cameran et al.* (2014) report that the extent to which income-increasing and/or income-decreasing accounting policies are constrained is higher in the last three years before the audit firm is required to rotate-off compared to the first three years after a mandatory audit firm rotation took place. Audit firms are therefore more conservative in the last three years before the mandatory rotation.[475]

---

471 Cf. *Johnson et al.* (2002), pp. 649 ff.; *Chung/Kallapur* (2003), p. 950; *Myers et al.* (2003), pp. 789 ff.; *Gul et al.* (2007), pp. 129 f.; *Chen et al.* (2008), p. 430; *Jackson et al.* (2008), pp. 431 ff.; *Gul et al.* (2009), pp. 270 ff.; *Quick/Wiemann* (2011), pp. 928 ff.; *Molls* (2013), pp. 230 ff. However, *Chung/Kallapur* (2003) and *Gul et al.* (2007) only have observations from clients of Big5 audit firms in their sample. Cf. *Chung/Kallapur* (2003), p. 931; *Gul et al.* (2007), p. 268.

472 Cf. *Frankel et al.* (2002), pp. 91 ff.; *Myers et al.* (2003), pp. 789 ff.; *Gul et al.* (2007), pp. 129 f.; *Chen et al.* (2008), p. 430; *Gul et al.* (2009), pp. 276 ff.; *Quick/Wiemann* (2011), pp. 928 ff.; *Molls* (2013), pp. 233 f.

473 Cf. *Chi/Huang* (2005), p. 80.

474 Cf. *Cameran et al.* (2014), p. 6.

475 Cf. *Cameran et al.* (2014), pp. 14 ff.

Summary

Table 1 presents an overview of the empirical results. In voluntary audit firm rotation regimes, the results using the probability of meeting or just beating a certain earnings benchmark and the propensity of issuing a GCO are mixed. Evidence is more conclusive using the magnitude of discretionary accruals and the probability of issuing a restatement. Audit quality appears to increase with audit firm tenure. In a mandatory audit firm rotation regime, *Ruiz-Barbadillo et al.* (2009) report that the propensity of issuing a GCO is lower in a period with mandatory audit firm rotation.[476] The reported results, however, only provide somewhat limited insights. Beginning with the year 1998, an audit firm in Spain had to mandatorily rotate-off after serving a client for 9 consecutive years. The requirement, however, was abolished in 1995. Thus, a mandatory audit firm rotation never actually took place. The authors argue that such a setting does not pose any limitations when evaluating the effect of mandatory audit firm rotation.[477] But it is conceivable that the abolishment of the mandatory rotation requirement has been discussed (and was possibly known) prior to the year 1995. The auditor might have "adapted" the expectations and the incentives prior to the official abolishment. Furthermore, the authors also report that the mean value of the audit firm tenure is significantly lower during the mandatory audit firm rotation period (2.68 years vs. 6.31 years).[478] The indicator variable (mandatory rotation period vs. voluntary rotation period) may not capture the differences in rotation regimes but the effect of audit firm tenure. *Ruiz-Barbadillo et al.* (2009) replace the indicator variable by a continuous variable that measures audit firm tenure. The coefficient on the variable measuring audit firm tenure is positive and significant. Therefore, the possibility that the effect of audit firm tenure is captured rather than the effect of a mandatory audit firm requirement cannot be ruled

476 Cf. *Ruiz-Barbadillo et al.* (2009), pp. 122 ff.

477 Cf. *ibid.*, p. 115.

478 The lower mean value of the audit firm tenure during the mandatory audit firm rotation period is somewhat surprising. One possible explanation is that the first year of the sample period is set as the initial engagement of the audit firm tenure.

out.[479] Using the magnitude of discretionary accruals, *Cameran et al.* (2014) report that the magnitude of discretionary accruals becomes more extreme after a mandatory audit firm rotation, which suggests that a mandatory audit firm rotation has a detrimental effect on earnings quality.

Overall, empirical evidence on the effect of audit firm tenure varies between the chosen proxies to infer audit quality. Results investigating the effect of a mandatory audit firm rotation are scarce and are set in somewhat special institutional settings. In addition, differing institutional settings, differing methodological approaches, and/or differing sample periods make it difficult to draw a clear conclusion of the effect of audit firm tenure on audit quality. For example, the exposure to litigation risks is generally higher in common law countries (e.g. United States or Australia) than in code law countries (e.g. Germany or France),[480] which might affect the probability of reporting a detected breach. Furthermore, changes due to reforms, such as the enactment of the Sarbanes Oxley Act 2002 in the U.S., may affect managers' incentives to engage in earnings management and/or may also affect the auditor's threshold of acceptance of earnings management.[481] In sum, the evidence is inconclusive as to whether extended audit firm tenure is detrimental to audit quality and whether a mandatory audit firm rotation attenuates threats to audit quality.

---

479 Cf. *Ruiz-Barbadillo et al.* (2009), footnote 18. Separately running the logistic regression with the audit firm tenure variable for the period with and without mandatory audit firm rotation could have provided an opportunity to further disentangle both effects.

480 Cf. *LaPorta et al.* (2006), pp. 15 ff.; *Francis* (2011), p. 141.

481 Cf. *Davis et al.* (2009), p. 522.

Table 1

Overview of Empirical Evidence at Audit Firm Level

Proxy	*Authors* (Year)	Country	Rotation	Sample Period	Sample Size	Results
GCO	*Louwers* (1998)	U.S.A.	Voluntary	1984-1991	808 observations with 99 GCO observations	The probability of issuing a GCO is not associated with audit firm tenure.
	Geiger/Raghunandan (2002a)	U.S.A.	Voluntary	1996-1998	117 observations with 59 GCO observations	The probability of issuing a GCO increases with audit firm tenure.
	Jackson et al. (2008)	Australia	Voluntary	1995-2003	1,750 observations with 71 GCO observations	The probability of issuing a GCO increases with audit firm tenure.
	Francis/Yu (2009)	U.S.A.	Voluntary	2003-2005	2,022 observations with 173 GCO observations	The probability of issuing a GCO is not associated with audit firm tenure.
	Boone et al. (2010)	U.S.A.	Voluntary	2003-2006	2219 observations with 124 GCO observations	The probability of issuing a GCO is not associated with audit firm tenure.
	Ruiz-Barbadillo et al. (2009)	Spain	Mandatory	1991-2000	1326 observations with 90 GCO observations	A GCO is less likely to be issued in a period where mandatory audit firm rotation was effective.
	Ratzinger-Sakel (2013)	Germany	Voluntary	2005-2009	648 observations with 60 GCO observations 107 observations with 60 GCO observations	The probability of issuing a GCO is not associated with audit firm tenure.
Restatement	*Carcello/Nagy* (2004)	U.S.A.	Voluntary	1990-2001	68,342 observations with 147 fraud observations 294 observations with 147 non-fraud observations	The probability of a restatement is higher in the early periods of audit firm tenure.
	Stanley/DeZoort (2007)	U.S.A.	Voluntary	2000-2004	382 observations with 191 fraud observations	The probability of a restatement decreases as audit firm tenure increases.

Table 1 continued

Proxy	*Authors* (Year)	Country	Rotation	Sample Period	Sample Size	Results
Benchmark Beating	*Davis et al.* (2009)	U.S.A.	Voluntary	1988-2006	23,748 observations	The probability of meeting or just beating analysts' forecasts is higher in the early periods of audit firm tenure.
	Francis/Yu (2009)	U.S.A.	Voluntary	2003-2005	6,568 observations	The probability of meeting or just beating the profit threshold and prior year's earnings is not associated with audit firm tenure.
	Quick/Wiemann (2012)	Germany	Voluntary	2005-2007	1,013 observations with 203 observations that meet or just beat the profit threshold 1,013 observations with 129 observations that meet or just beat last year's earnings	The probability of meeting or just beating the profit threshold increases with audit firm tenure. The probability of meeting or just beating last year's earnings is not associated with audit firm tenure.
Discretionary Accruals	*Frankel et al.* (2002)	U.S.A.	Voluntary	2001	2,472 observations	The magnitude of $\|DA\|$ and $DA-$ becomes less extreme with ongoing audit firm tenure. The magnitude of $DA+$ is not associated with audit firm tenure.
	Johnson et al. (2002)	U.S.A.	Voluntary	1986-1995	2,463 observations	The magnitude of $\|DA\|$ is more extreme in the early periods of audit firm tenure.
	Chung/Kallapur (2003)	U.S.A.	Voluntary	2001	1,871 observations	The magnitude of $\|DA\|$ becomes less extreme with ongoing audit firm tenure.
	Myers et al. (2003)	U.S.A.	Voluntary	1988-2000	42,302 observations	The magnitude of $\|DA\|$, $DA+$ and $DA-$ becomes less extreme with increasing audit firm tenure.
	Chi/Huang (2005)	Taiwan	Voluntary	1998-2001	1,337 observations	The magnitude of DA is higher in the initial periods and later periods of audit firm tenure.
	Gul et al. (2007)	U.S.A.	Voluntary	2000-2001	4,720 observations	The magnitude of $\|DA\|$ becomes less extreme with increasing audit firm tenure.

Table 1 continued

Proxy	*Authors* (Year)	Country	Rotation	Sample Period	Sample Size	Results
Discretionary Accruals	*Chen et al.* (2008)	Taiwan	Voluntary	1990-2001	5,213 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme with increasing audit firm tenure. The magnitude of *DA*- becomes more extreme with ongoing audit firm tenure.
	Jackson et al (2008)	Australia	Voluntary	1995-2003	1,750 observations	The magnitude of *DA* is not associated with audit firm tenure.
	Gul et al. (2009)	U.S.A.	Voluntary	1993-2004	32,777 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme with increasing audit firm tenure. The magnitude of *DA*- becomes more extreme with ongoing audit firm tenure.
	Quick/Wiemann (2011)	Germany	Voluntary	2005-2007	1,013 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme with increasing audit firm tenure. The magnitude of *DA*- is not associated with audit firm tenure.
	Molls (2013)	Germany	Voluntary	1996-2010	2,636 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme with increasing audit firm tenure. The magnitude of *DA*- is not associated with audit firm tenure.
	Cameran et al. (2014)	Italy	Mandatory	1985-2004	1,184 observations	The magnitude of |*DA*|, *DA*+ and *DA*- is less extreme in the last three years before an audit firm has to rotate-off mandatorily.

3.2.2 Evidence at Audit Partner Level

Propensity of Issuing a GCO

Carey/Simnett (2006) examine the propensity of issuing a GCO in a voluntary audit partner rotation regime. Their results indicate that receiving a GCO is less likely as audit partner tenure increases.[482] *Litt et al.* (2014) investigate the effect of a mandatory audit partner rotation and provide evidence that the propensity of issuing a GCO is lower in the first two years with the new audit partner compared to the last two years with the old partner.[483,484]

Earnings Quality

Carey/Simnett (2006) report that the probability of meeting or just beating the profit threshold is not associated with audit partner tenure. However, they find that the probability of meeting or just beating prior year's earnings is lower in the initial periods of audit partner tenure.[485] Using the level of discretionary accruals, *Chen et al.* (2008) find that the extent to which aggressive income-increasing accounting policies are constrained increases with ongoing audit partner tenure, but do not find evidence for an association between the extent to which aggressive income-decreasing accounting policies are constrained

---

482 Cf. *Carey/Simnett* (2006), pp. 661 ff.

483 Cf. *Litt et al.* (2014), pp. 78 f. *Firth et al.* (2012) also investigate the effect of a mandatory audit partner rotation. They do not restrict their analysis to audit report that highlight going-concern issues. Instead they use modified audit reports. Their findings do not provide any evidence that the propensity of issuing a modified report is different between the year prior to the mandatory audit partner rotation and the first year after a mandatory audit partner rotation. Cf. *ibid.*, pp. 109 ff.

484 *Litt et al.* (2014) use an U.S. sample where the audit partner must rotate-off after five years. However, in the U.S. the names of the audit partners are not disclosed. *Litt et al.* (2014) infer the tenure of the audit partner indirectly. Audit firm rotation leads automatically to audit partner rotation (with the exception if the audit partner has changed audit firms and has taken the client with him to the new audit firm). If a client has stayed with the new audit firm at the office level for more than five years and has not switched audit partners during that period, then the audit partner is subject to a mandatory audit partner rotation. To ensure that the indirect measure of audit partner tenure is not confounded by audit partners switching before the five year period, *Litt et al.* (2014) conduct several interviews with Big4 audit firms and smaller regional firms. They were "*assured that it is very uncommon for partner to leave an engagement before the five year period*." Cf. *ibid.*, p. 67.

485 Cf. *Carey/Simnett* (2006), pp. 668 ff.

and audit partner tenure.[486] *Manry et al.* (2008) find evidence that aggressive accounting policies are constrained to a greater extent with ongoing audit partner tenure and also report that aggressive income-decreasing accounting policies are constrained to a lesser extent with ongoing audit partner tenure.[487] Contrary, *Carey/Simnett* (2006) do not find convincing evidence for an association of the magnitude of discretionary accruals and audit partner tenure.[488] *Chi/Huang* (2005) further report that aggressive income-increasing accounting policies are constrained to a lesser extent in the initial and later periods of audit partner tenure.[489]

Litt et al. (2014) investigate the effect of a mandatory audit partner rotation. Using the probability of meeting or just beating analysts' forecasts[490], they find that analysts' forecasts are more likely to be met or just beaten in the first two years with the new audit partner compared to the final two years before the audit partner is to rotate-off mandatorily.[491] *Chi et al.* (2009) compare the extent to which aggressive accounting policies are constrained in the year prior to the mandatory audit partner rotation with the extent to which aggressive accounting policies are constrained in the first year after the mandatory rotation.[492] They find that the newly appointed audit partner constrains aggressive income-increasing and/or income-decreasing accounting policies to a lesser extent.[493] *Bandyopadhyay et al.* (2014) use the same approach as *Chi et al.* (2009), but use the first three years after the mandatory rotation as the

---

486 *Chen et al.* (2008) also report that the extent to which aggressive income-increasing and income-decreasing accounting policies are simultaneously constrained, increases with ongoing audit partner tenure. Cf. *ibid.*, pp. 427 ff.

487 Cf. *Manry et al.* (2008), pp. 563 ff.

488 Cf. *Carey/Simnett* (2006), pp. 665 ff.

489 Cf. *Chi/Huang* (2005), p. 79 ff.

490 They use the same approach as *Davis et al.* (2009) to identify benchmark beating companies. Cf. footnote 467.

491 Cf. *Litt et al.* (2014), p. 74.

492 *Chi et al.* (2009) use semi-annual financial statements. In Taiwan the semi-annual statements are audited not differently than annual reports. Cf. *ibid.*, p. 360.

493 Cf. *ibid.*, pp. 372 ff.

benchmark. They report that aggressive income-increasing accounting policies are constrained to a greater extent under the newly appointed audit partner.[494]

Summary

Table 2 presents an overview of the empirical evidence. There are only a handful of empirical studies investigating the effect of audit partner tenure on audit quality. As already mentioned, differing institutional settings, methodological approaches, and/or sample periods make it difficult to draw general conclusions. The limited amount of empirical evidence further exacerbates these difficulties. Only one study provides evidence using the propensity of issuing a GCO and the probability of meeting or just beating a certain earnings benchmark in regimes with voluntary audit partner rotation. The results indicate that a GCO is less likely to be issued when audit partner tenure increases, whereas the results with regard to the probability of meeting or just beating earnings benchmarks are mixed. Empirical evidence using the magnitude of discretionary accruals is inconclusive. In regimes with mandatory audit partner rotation, empirical evidence of the effect of a mandatory audit partner rotation is inconclusive. Overall, the results do not permit to draw a clear conclusion as to whether extended audit partner tenure has a detrimental effect on audit quality, and whether mandatory audit partner rotation attenuates possible threats to audit quality.

---

494 *Bandyopadhyay et al.* (2014) also report that aggressive income-increasing and income-decreasing accounting policies are simultaneously constrained to a greater extent. This result, however, appears to be mainly due to aggressive income-increasing accounting policies being constrained to a greater extent. Cf. *ibid.* (2014), p. 26.

Table 2

Overview of Empirical Evidence at Audit Partner Level

Proxy	*Authors* (Year)	Country	Rotation	Sample Period	Sample Size	Results
GCO	*Carey/Simnett* (2006)	Taiwan	Voluntary	1990-2001	559 observations with 66 GCO observations	The probability of issuing a GCO decreases with ongoing audit partner tenure.
	Litt et al. (2014)	U.S.A.	Mandatory	2004	884 observations[495]	The probability of issuing a GCO is lower in the first two years with the new audit partner compared to the last two years with the old partner.
Benchmark Beating	*Carey/Simnett* (2006)	Australia	Voluntary	1995	1,021 observations with 59 observations that meet or just beat the profit threshold 965 observations with 190 observations that meet or just beat prior year's earnings	The probability of meeting or just beating the profit threshold is not associated with audit partner tenure. The probability of meeting or just beating prior year's earnings is lower in the initial periods of the audit partner tenure.
	Litt et al. (2014)	U.S.A.	Mandatory	2000-2004	2,108 observations with 252 observations that meet or just beat analysts' expectations	The probability of meeting or just beating analysts' expectations is higher in the first two years with the new audit partner compared to the last two years with the old partner.
Discretionary Accruals	*Chi/Huang* (2005)	Taiwan	Voluntary	1998-2001	1,337 observations	The magnitude of *DA* is more extreme in the initial periods and later periods of audit partner tenure.
	Carey/Simnett (2006)	Australia	Voluntary	2005-2007	743 observations	The magnitude of $\|DA\|$ is not associated with audit partner tenure.
	Chen et al. (2008)	Taiwan	Voluntary	1990-2001	5,213 observations	The magnitude of $\|DA\|$ and $DA+$ becomes less extreme with increasing audit partner tenure. The magnitude of $DA-$ is not associated with audit partner tenure.

[495] The number of audit reports with a GCO is not disclosed.

Table 2 continued

Proxy	*Authors* (Year)	Country	Rotation	Sample Period	Sample Size	Results
Discretionary Accruals	*Manry et al.* (2008)	U.S.A.	Voluntary	1999-2001	180 observations	The magnitude of *DA* becomes less extreme with increasing audit partner tenure.
	Chi et al. (2009)	Taiwan	Mandatory	2004	513 observations	The magnitude of |*DA*|, *DA*+ and *DA*- becomes more extreme in the first year after a mandatory audit partner rotation has taken place compared to the year immediately before the mandatory audit partner rotation.
	Bandyopadhyay et al. (2014)	China	Mandatory	2004-2011	887 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme in the first three year after a mandatory audit partner rotation has taken place compared to the year immediately before the mandatory audit partner rotation. The magnitude of *DA*- is not associated with the rotation of the audit partner.

3.2.3 Evidence on the Joint Effect

In voluntary audit firm and audit partner rotation regimes *Chen et al.* (2008) find some evidence that the magnitude of discretionary accruals decreases as audit firm and audit partner tenure increases, which indicates that aggressive accounting policies are constrained to a greater extent with increasing audit firm and audit partner tenure.[496] *Fargher et al.* (2008) report similar results with regard to audit firm tenure but also find that aggressive accounting policies are constrained to a lesser extent as audit partner tenure increases.[497] *Chi/Huang* (2005) report that aggressive income-increasing accounting policies are constrained to a lesser extent in the initial and later periods of the audit firm tenure, whereas audit partner tenure is not associated with the level of aggressive accounting policies.[498] *Fargher et al.* (2008) provide additional insights by comparing the effect of an internal and external rotation. They find that aggressive accounting policies are constrained to a greater extent when the incoming partner is from the same audit firm compared to when the newly incoming partner is from a different audit firm.[499]

Chi et al. (2009), *Molls* (2013) and *Litt et al.* (2014) provide evidence in institutional settings with voluntary audit firm rotation and mandatory audit partner rotation. *Litt et al.* (2014) compare the effect of a mandatory audit partner rotation with a voluntary audit firm rotation. They report that the probability of meeting or just beating analysts' forecasts is more likely after an audit firm rotation. They report consistent results when using the magnitude of discretionary accruals as a proxy.[500]

---

496 More specific, *Chen et al.* (2008) find a negative association with the absolute values of discretionary accruals but do not find an association when running the analysis with positive or negative discretionary accruals only. Cf. *ibid.*, pp. 432 ff.

497 In more detail, *Fargher et al.* (2008) find a negative/positive association of audit firm/audit partner tenure with the absolute value and positive values of discretionary accruals. With regard to negative values of discretionary accruals, they report a positive association with audit firm tenure and no association with audit partner tenure. Cf. *ibid.*, pp. 170 ff.

498 Cf. *Chi/Huang* (2005), pp. 84 ff.

499 Cf. *Fargher et al.* (2008), pp. 175 ff.

500 Cf. *Litt et al.* (2014), pp. 79 ff.

Contrary, *Chi et al.* (2009) compare the extent to which aggressive accounting policies are constrained in the year after a mandatory audit partner rotation with the extent to which aggressive accounting policies are constrained in the year after a voluntary audit firm rotation, and report no significant differences.[501] *Molls* (2013) finds that the magnitude of discretionary accruals decreases with ongoing audit firm and review partner tenure, but does not find an association with engagement partner tenure.[502]

Summary

Table 3 presents an overview. In sum, the results using the magnitude of discretionary accruals provide some evidence that increasing audit firm tenure is associated with higher audit quality, whereas the results at audit partner level are more mixed. The results comparing the effect of a mandatory audit partner rotation with a voluntary audit firm rotation are mixed. The limited number of empirical studies does not permit to come to a general conclusion on the association of audit firm and audit partner tenure, and audit quality.

501 Cf. *Chi et al.* (2009), pp. 372 ff.
502 Cf. *Molls* (2013), pp. 239 ff.

Table 3

Overview of Empirical Evidence at Audit Firm and Audit Partner Level

Proxy	*Authors* (Year)	Country	Rotation: Partner	Rotation: Firm	Sample Period	Sample Size	Results
Benchmark Beating	*Litt et al.* (2014)	U.S.A.	Mandatory	Voluntary	2000-2004	2,108 observations with 252 observations that meet or just beat analysts' expectations	The effect on the probability of meeting or just beating analysts' forecasts is less negative after a mandatory audit partner rotation compared to a voluntary audit firm rotation
Discretionary Accruals	*Chi/Huang* (2005)	Taiwan	Voluntary	Voluntary	1998-2001	1,337 observations	The magnitude of *DA* is less extreme in the initial and later periods of audit firm tenure. At audit partner level, there is no association.
	Chen et al. (2008)	Taiwan	Voluntary	Voluntary	1990-2001	5,213 observations	The magnitude of |*DA*| becomes less extreme with increasing audit firm and audit partner tenure. The magnitude of *DA*+ and *DA*- is not associated with audit firm and audit partner tenure.
	Fargher et al. (2008)	Australia	Voluntary	Voluntary	1990-2004	2,495 observations	The magnitude of |*DA*| and *DA*+ becomes less extreme with ongoing audit firm tenure but becomes more extreme with ongoing audit partner tenure. The magnitude of *DA*- becomes more extreme with ongoing audit firm tenure but is not associated with audit partner tenure. The magnitude of |*DA*| becomes less extreme when the incoming partner is from the same audit firm but becomes more extreme if the incoming partner is from a different audit firm.

Table 3 continued

Proxy	*Authors* (Year)	Country	Rotation: Partner	Rotation: Firm	Sample Period	Sample Size	Results
Discretionary Accruals	*Chi et al.* (2009)	Taiwan	Mandatory	Voluntary	2004	513 observations	The magnitude of |*DA*|, *DA*+ and *DA*- does not differ between companies with a mandatory audit partner rotation and companies with voluntary audit firm rotation.
	Molls (2013)	Germany	Mandatory	Voluntary	1996-2010	2,636 observations	The magnitude of |*DA*|, *DA*+, *DA*- becomes less extreme with ongoing audit firm and review partner tenure. There is no association with engagement partner tenure.
	Litt et al. (2014)	U.S.A.	Mandatory	Voluntary	2000-2004	Not disclosed	The effect of a mandatory audit partner rotation on *DA* is less negative compared to a voluntary audit firm rotation.

3.3 Hypotheses Development

As previously discussed, the quality of an audit depends on the probability that the auditor discovers a breach in the client's accounting system and that the auditor reports the breach.[503] Audit quality improves as the probability of both components increase.[504] Amongst others, auditor tenure has been identified as influencing both components of audit quality (→ 2.2.3). The effect on audit quality, however, is ambiguous. On the one hand, it is argued that audit quality is lower in the initial periods of the engagement due to lack of client-specific knowledge. With ongoing auditor tenure client-specific knowledge is built up, which is assumed to positively affect audit quality.[505] This line of reasoning is mainly promoted by practitioners.[506] On the other hand, increasing auditor tenure may impair audit quality due to threats to the auditor's independence.[507] This line of reasoning is put forward by regulators.[508] Ultimately, discussions about the effect of auditor tenure on audit quality revolve around the question as to whether possible threats to independence due to increased tenure can be attenuated by imposing a mandatory rotation requirement.[509]

The presented arguments apply at audit firm level and to a certain extent to audit partner level.[510] The effect of audit partner tenure and especially of audit firm tenure has been subject to extensive discussions in auditing research, within policymakers, and the accounting profession.[511] Therefore, the basic research questions are as follows:

---

503 Cf. *DeAngelo* (1981a), pp. 115 f.
504 Cf. *Johnson et al.* (2002), p. 641.
505 Cf. *Carcello/Nagy* (2004), p. 58.
506 Cf. e.g. *FRC* (2010), p. 6; *PwC* (2012), p. 3.
507 Cf. *Carcello/Nagy* (2004), p. 58.
508 Cf. e.g. *European Commission* (2010), p. 11.
509 Cf. *Cameran et al.* (2014), p. 4.
510 Cf. *Chi/Huang* (2005), p. 362; *Chen et al.* (2008), p. 420.
511 Cf. e.g. *Johnson et al.* (2002), pp. 637 ff.; *Myers et al.* (2003), pp. 779 ff.; *GAO* (2003), pp. 1 ff.; *European Commission* (2010), p. 11; *PwC* (2012), pp. 1 ff.

RQ 1: Is there an association between audit firm tenure and audit quality?

RQ 2: Is there an association between audit partner tenure and audit quality?

In the following, arguments for positive and negative effects of audit firm and audit partner tenure on audit quality are presented in more detail, and the hypotheses are formulated.

Increasing Audit Quality with Audit Firm Tenure

The basic reasoning for higher audit quality with increasing audit firm tenure is that an effective audit requires start-up costs, i.e. costs to build up client-specific knowledge and time to get familiar with the client's business, processes, systems, people, and risks.[512] In the early years of the engagement, the lack of client-specific knowledge and unfamiliarity with possible industry related error patterns, may lead to a lower probability of detecting material misstatements.[513] The effectiveness of an audit also depends on the information infrastructure, such as the provision of human and material resources or mutual trust. Good information infrastructure can help to facilitate the cooperation with the client during the audit process. In the early stages, the infrastructure may not be fully developed, and the transfer of information may be curbed due to lack of mutual trust, especially when dealing with confidential information.[514] Information infrastructure within the audit engagement team may also impact the effectiveness of the audit.[515] Communication channels between the group engagement team and the component audit partner may not be fully developed in the initial periods as well. These factors may also hamper the effectiveness of the audit process and ultimately negatively affect audit quality.

---

512 Cf. *Chi et al.* (2009), p. 362; *PwC* (2012), p. 3.

513 Cf. *Arruñada/Paz-Ares* (1997), p. 45; *Johnson et al.* (2002), p. 642; *Carcello/Nagy* (2004), p. 58; *Chi et al.* (2009), p. 362. It can be argued that the initial lack of client-specific knowledge can be overcome by additional effort, such as the use of additional and/or more experienced staff. Such a reasoning assumes that knowledge and effort are perfect substitutes which is disputable. Cf. *Arruñada/Paz-Ares* (1997), p. 45; *Johnson et al.* (2002), p. 642.

514 Cf. *Arruñada/Paz-Ares* (1997), p. 34.

515 Cf. *IAASB* (2014), pp. 53 ff.

The arguments support the notion that audit quality is positively correlated with audit firm tenure and that audit quality increases with increasing audit firm tenure.[516] The outlined advantages of an ongoing relationship, however, are bound to a particular client (shared asset). Opponents of a mandatory audit firm rotation therefore argue that imposing a limit on the length of the relationship would periodically lead to the complete loss of these advantages and negatively affect audit quality. Furthermore, it would burden the audit firm with additional workload and costs, for example, due to checking the initial balance sheet.[517] Periodically abandoning audit engagements may also lead to reduced incentives to invest in industries where special knowledge is required.[518] Industry expertise, however, is assumed to enhance audit quality by allowing the audit firm to better acquire the necessary client-specific knowledge and by providing incentives to withstand management pressure in order to avoid reputational damages (→ 2.2.2).[519]

Decreasing Audit Quality with Audit Firm Tenure

The basic argument for detrimental effects of increasing audit firm tenure on audit quality is that the anticipation of future client-specific quasi-rents poses threats to the independence.[520] A dismissal by the client leads to the complete loss of the quasi-rents, since they are bound to the particular client. Due to economic interests in retaining a client, a client that credibly threatens the audit firm with dismissal can extract accounting concessions from the audit firm.[521] Impending economic losses make the audit firm more susceptible to succumb to the client's wishes (self-interest and intimidation threats).[522] Extended personal relationships may lead to erosions of independence (familiarity threats). The development of bonds of loyalty or emotive relationships between the audit firm staff and the client over time may impact consciously

---

516 Cf. *Myers et al.* (2003), p. 782; *Carey/Simnett* (2006), pp. 656 f.
517 Cf. *DeAngelo* (1981a), p. 118; *DeAngelo* (1981b), p. 189; *Arruñada/Paz-Ares* (1997), pp. 32 ff.
518 Cf. *Arruñada/Paz-Ares* (1997), p. 47; *Catanach/Walker* (1999), p. 45.
519 Cf. *Bell et al.* (2005), pp. 41 f.; *Lim/Tan* (2010), pp. 928 f.
520 Cf. *DeAngelo* (1981b), pp. 187 ff.
521 Cf. *DeAngelo* (1981a), p. 118; *DeAngelo* (1981b), p. 189; *Acemoglu/Gietzmann* (1997), p. 373; *Cameran et al.* (2014), p. 6.
522 Cf. *Davis et al.* (2009), p. 521.

or subconsciously the objectivity of the audit firm over managers' financial reporting choices.[523] Familiarity threats may impact the probability of detecting a breach. Over time, audit work may become excessively routine making the audit program become stale as audit firm staff begins to anticipate the state of the client's systems and the presence of control procedures.[524] Audit firm staff may rely too much on the prior year's work and view the present audit solely as a repetition, especially when the client is known to have good financial reporting controls, accurate financial statements, and top management with integrity and competence. This may result in a tendency to anticipate the results of audit procedures instead of being alert to subtle and often surreptitious anomalies.[525]

Proponents of a mandatory audit firm rotation therefore argue that a newly appointed audit firm could bring in a "fresh look" at the client's finances and accounting practices, which positively influences audit quality. The risk of stale audit programs could be countervailed since creative audit-testing approaches are often seen in the early years of the engagement.[526] In addition, the audit firm is assumed to be more independent since the value of the shared asset increases with ongoing tenure making a dismissal "less" costly in the early years.[527,528] Limiting the engagement period by implementing a mandatory rotation would prevent the audit firm from viewing the client as a perpetual annuity. Future quasi-rents would be restricted from the beginning which can attenuate the (conscious or subconscious) "*self-serving bias in auditors to agree with the client […] that causes the auditor's interest to align*

---

523 Cf. *Carey/Simnett* (2006), pp. 656 f.; *Litt et al.* (2014), p. 65.

524 Cf. *Hoyle* (1978), p. 72; *Arruñada/Paz-Ares* (1997), p. 45; *Carey/Simnett* (2006), p. 657.

525 Cf. *Arruñada/Paz-Ares* (1997), p. 45; *Carcello/Nagy* (2004), p. 58.

526 Cf. *Carey/Simnett* (2006), p. 657; *Litt et al.* (2014), p. 65.

527 Cf. *DeAngelo* (1981b), pp. 187 f.; *Carey/Simnett* (2006), p. 657. This line of reasoning is that the initial fee cut due to low-balling is viewed as sunk costs and that the "critical mass" of the value of the shared asset, i.e. the value at which the cost of termination of the contract is higher than the gains of extending the contract, has not been reached in the early years.

528 *Geiger/Raghunandan* (2002a) argue that the quasi-rents make the newly appointed auditor more vulnerable to threats of dismissal in the early years. However, this argument only holds, if the price cut on audit fees due to low-balling is not considered as sunk costs. Cf. *ibid.*, p. 68.

with the client."[529] The audit firm would therefore be less likely to succumb to the client's wishes.[530]

From a theoretical point of view, it is not possible to draw a clear conclusion as to whether the positive effects associated with increased audit firm tenure outweighs the negative effects. Ultimately, the association between audit firm tenure and audit quality remains an empirical question.[531] Since empirical evidence is mixed (→ 3.2.1), I formulate the following hypothesis (in alternative form):[532]

Hypothesis $H1_A$: Audit firm tenure is associated with audit quality.

At audit partner level, empirical evidence suggests the existence of client-specific quasi-rents at audit partner level, which might threaten the individual audit partner's independence. In a recently conducted survey by *Daugherty et al.* (2012), audit partners indicate that becoming familiar with a client usually takes about 3 years.[533] Therefore, there are also start-up costs at individual audit partner level, which might create incentives for the individual audit partner to keep a client in order to retain the benefits associated with the audit of that client.[534] Furthermore, compensation schemes of the individual audit partner may be linked to the fees received from the client, which might threaten the audit partner's independence.[535] However, as mentioned above, the effect of audit partner tenure on audit quality may somewhat differ from audit firm tenure. The rotation of an audit partner is associated with the loss of client-specific knowledge as well, but there are also arguments that suggest that the magnitude of client-specific knowledge loss associated with an audit partner rotation differs from an audit firm rotation. Audit firm intern quality

---

529 *Arel et al.* (2006), p. 7.

530 Cf. *Copley/Doucet* (1993), p. 25; *Dopuch et al.* (2001), pp. 106 ff.; *Carcello/Nagy* (2004), p. 58; *Imhoff* (2003), pp. 125 f.; *Ruiz-Barbadillo et al.* (2009), p. 116; *Velte* (2012), pp. 84 f.; *Cameran et al.* (2014), pp. 4 ff.

531 Cf. *Geiger/Raghunandan* (2002a), p. 71; *Chen et al.* (2008), p. 420.

532 Since the hypothesis testing is based on the logic of falsification, the alternative hypothesis cannot be directly tested. Therefore, statistically the null hypothesis is tested, which is to be refuted. Hypotheses 2a, 2b and 3 are formulated as alternative hypotheses as well. Cf. *Bortz/Doering* (2006), pp. 23 ff.

533 Cf. *Daugherty et al.* (2012), pp. 106 f., 111.

534 Cf. *Chen et al.* (2008), p. 420; *Chi et al.* (2009), p. 362.

535 Cf. *Trompeter* (1994), pp. 59 f.; *Fargher et al.* (2008), p. 165.

controls, such as continuity of audit team members, passing on working papers, consulting with the former audit partner, or client databases, might mitigate knowledge loss.[536] As a result, the newly appointed audit partner is likely to become more familiar with the client at a faster rate.[537] At the same time, audit partner independence might also be improved.[538] However, continuing audit team members, consulting with the outgoing partner, or the access of working papers might reduce the positive effects associated with the fresh viewpoint. The newly incoming audit partner might solely adapt the views of the outgoing audit partner.[539] In addition, mutual trust between the audit partner and the client that can help to facilitate the transfer of information might not be entirely transferable. Whether audit partner rotation enhances or harms audit quality is therefore not clear.

Special to the German setting is that the engagement as well as the review partner sign the audit report (→ 2.3.1). Whereas the previously discussed arguments apply to the engagement partner, there are regulatory requirements regarding the selection of the review partner that might suggest differing effects. The nature of the review partner as a report critique raises the question whether possible threats to independence are as pronounced as for the lead audit partner, i.e. the engagement partner. Only audit partners that do not significantly collaborate and who are not significantly involved in the preparation of the audit report are eligible as review partners. This implies that the review partner has less interaction with the client, which in turn might reduce advocacy and/or familiarity threats that are caused by ongoing tenure.[540] Empirical evidence on whether the continuity of the relationship with a client affects the judgment of the review partner is inconclusive. *Schneider et al.* (2003) find that the degree of the review partner's agreement with the conclusion of the engagement team is unaffected by prior involvement in audit

536 Cf. *Carey/Simnett* (2006), p. 656.
537 Cf. *Fargher et al.* (2008), p. 165.
538 Cf. *ibid.*, p. 165; *Daugherty et al.* (2012), p. 106.
539 Cf. *Arruñada/Paz-Ares* (1997), p. 37.
540 Cf. *Schneider et al.* (2003), p. 187; *Gold et al.* (2012), p. 13.

planning.[541] *Favere-Marchesi/Emby* (2005), however, report that a continuing review partner (i.e. involved in current and prior year's engagement) is less likely to come to different conclusions with the engagement partner than a newly incoming review partner.[542] Furthermore, it can be argued that reduced personal exposure to the client does not attenuate possible self-interest threats due to economic interests. In sum, there is no convincing evidence that the review partner differs qualitatively from the engagement partner.

Additionally, Germany has imposed a mandatory audit partner rotation rule that prescribes a mandatory rotation of the engagement and/or review partner if having signed the audit report in 7 or more instances (→ 2.3.3.2). *Chen et al.* (2008) argue that "*in places where audit partner rotation is required, there can be no case of long partner tenure, so it is impossible to investigate whether or not earnings/audit quality deteriorates with extended partner tenure*."[543] However, I argue that the effect of audit partner tenure can be investigated in regimes with prescribed mandatory audit partner rotation for two reasons. First, the definition of extended audit partner tenure remains arbitrary since no evidence has yet been provided that clearly shows why or how independence is impaired when audit partner tenure reaches a certain length.[544] And second, incentives and behavior of the audit partner may be different under a mandatory audit partner rotation regime.[545] Limiting client-specific quasi-rents by imposing a mandatory audit partner rotation might countervail self-interest and intimidation threats and might make the audit partner less likely to succumb to client's wishes.[546] However, the assumed positive effect of a mandatory audit partner rotation on audit quality could be countervailed by within audit firm pressure. The audit partner is subject to governance arrangements of the audit firm. Profitability objectives of the audit firm might

---

541 Cf. *Schneider et al.* (2003), pp. 185 ff.
542 Cf. *Favere-Marchesi/Emby* (2005), pp. 1 ff.
543 *Chen et al.* (2008), p. 416.
544 *Davis et al.* (2009) refer to the length of audit firm tenure. However, I believe that this statement is equally valid for the length of audit partner tenure. Cf. *ibid.*, p. 524.
545 Cf. *Chi et al.* (2009), p. 364.
546 http://www.ifac.org/ethics/projects/long-association-senior-personnel-including-partner-rotation-audit-client (Last Accessed: February 28th, 2015).

favor for example, an audit partner that generates audit fees or acquires/retains clients with better career outlooks and/or higher remuneration.[547] The "global career and financial interests" of the individual audit partner within the audit firm could therefore offset the intended positive effect of a mandatory audit partner rotation on audit quality.[548] For these reasons, I formulate the following hypotheses (in alternative form):

Hypothesis $H2a_A$: Engagement partner tenure is associated with audit quality.

Hypothesis $H2b_A$: Review partner tenure is associated with audit quality.

Empirical studies investigating the effect of audit firm tenure/audit partner tenure without controlling for audit partner tenure/audit firm tenure may be subject to omitted variable bias.[549] Conclusions to adopt or reject a mandatory audit firm rotation requirement based on results from empirical studies using audit firm tenure only would be problematic because the effect might be attributable to audit partner tenure.[550] I formulate the following hypothesis (in alternative form):

Hypothesis $H3a_A$: Audit firm tenure is associated with audit quality after controlling for engagement and review partner tenure.[551]

---

547 Cf. *McNair* (1991), pp. 637 ff.; *Bierstaker et al.* (2006), p. 18; *IAASB* (2014), p. 40. For example all of the Big4 audit firms report in their transparency report for the year 2013 that part of the remuneration of audit partners is based on the financial performance. Cf. *Deloitte and Touche* (2013), p. 15 f.; *Ernst and Young* (2013), pp. 29 f.; *KPMG* (2013), p. 26; *PwC* (2013), pp. 17 f.

548 The magnitude of within audit firm pressure may vary between differing ranks. For, example, pressure due to "global career interests" within the audit firm is likely to be less pronounced for high-ranking audit partners than for managers.

549 Cf. *Bedard/Johnstone* (2010), p. 68. An omitted variable bias would not exist if audit firm and audit partner tenure are perfectly correlated. Cf. *Chi/Huang* (2005), p. 66.

550 Cf. *Chen et al.* (2008), pp. 416 f.

551 Cf. *ibid.*, p. 420. $H3_A$ could have been stated as "Engagement partner tenure is associated with audit quality after controlling for review partner and audit firm tenure" or as "Review partner tenure is associated with audit quality after controlling for engagement partner and audit firm tenure". As *Chen et al.* (2008), I also use the statement in Hypothesis 3 because the European Commission concludes that extended audit firm tenure has detrimental effects on audit quality and has therefore imposed a mandatory audit firm rotation requirement (→ 2.3.4). Cf. *ibid.*, footnote 8.

4 Research Design and Sample Selection

To test Hypotheses 1 to 3, I use four different proxies commonly used in auditing research. The use of multiple proxies allows to build greater confidence in the reported results.[552] The first proxy is the audit opinion and measures the auditor's propensity of issuing a GCO. The second proxy measures the probability that a client issues a restatement, while the third proxy measures the probability that a client meets or just beats analysts' forecasts. The fourth and last proxy measures the magnitude of the discretionary accruals. Whereas the first proxy is directly derived from the audit report, the remaining proxies are derived from the audited financial statements and measure earnings quality. Section 4.1 presents the research method and formulates the basic regression models used to test the hypotheses. Section 4.2 then describes the measurement of audit firm-specific, audit partner-specific and client-specific variables used in the regression models. The last section describes the sample selection process (→ 4.3).

4.1 Research Method

The formulated hypotheses are tested using multivariate regression models. Since audit quality is difficult to observe and assess (→ 3.1), I use the above-described four proxies as the dependent variables to investigate the effect of audit firm and/or audit partner tenure on audit quality.[553] The test variable for Hypothesis H1 is audit firm tenure, whereas the test variables for Hypotheses H2a and H2b are engagement and review partner tenure. The test variable for Hypothesis H3 is audit firm tenure after controlling for engagement and review partner tenure. To reduce the possibility that the test variables, i.e. audit firm tenure, engagement partner tenure and review partner tenure, measure effects of other cross-sectional determinants of the auditor's propensity of issuing a GCO, the probability of issuing a restatement, the probability of

---

552 Cf. *Carey/Simnett* (2006), p. 658.

553 I use these proxies since they have been used in auditing research when investigating the effect of auditor tenure on audit quality (→ 3.2). Furthermore, the relevant data is accessible through databases or publicly available information for German capital market-oriented companies.

meeting or just beating analysts' forecasts and the magnitude of discretionary accrual, various control variables are included.[554] The control variables, in specific, address audit firm-specific traits (→ 4.2.2.1), audit-partner-specific traits (→ 4.2.2.2), and client-specific traits (→ 4.2.2.3) that are known to have an effect on the proxies. Therefore, the following three basic regressions are estimated:

$$\begin{aligned} Proxy = \beta_0 + \boldsymbol{\beta_1 Audit\ Firm\ Tenure} \\ + Audit\ Firm\text{-}Specific\ Variables \\ + Client\text{-}Specific\ Variables \\ + Year\ and/or\ Industry\ Dummies + \varepsilon \end{aligned} \tag{11}$$

$$\begin{aligned} Proxy = \beta_0 + \boldsymbol{\beta_1 Engagement\ Partner\ Tenure + \beta_2 Review\ Partner\ Tenure} \\ + Audit\ Partner\text{-}Specific\ Variables \\ + Audit\ Firm\text{-}Specific\ Variables \\ + Client\text{-}Specific\ Variables \\ + Year\ and/or\ Industry\ Dummies + \varepsilon \end{aligned} \tag{12}$$

$$\begin{aligned} Proxy = \beta_0 + \boldsymbol{\beta_1 Audit\ Firm\ Tenure} \\ + \boldsymbol{\beta_2 Engagement\ Partner\ Tenure + \beta_3 Review\ Partner\ Tenure} \\ + Audit\ Partner\text{-}Specific\ Variables \\ + Audit\ Firm\text{-}Specific\ Variables \\ + Client\text{-}Specific\ Variables \\ + Year\ and/or\ Industry\ Dummies + \varepsilon \end{aligned} \tag{13}$$

Since the sample contains observations of multiple companies over multiple time periods (panel data), the data set is subject to time-series dependencies (company effect) and cross-sectional dependencies (time effect). Estimating regressions without controlling for possible company and time effects can lead to biased standard errors. Clustering standard errors by two dimensions

---

554 Cf. *Myers et al.* (2003), p. 789.

(company and time) removes both dependencies, which then yields unbiased standard errors that are also robust to heteroscedasticity. If the number of potential clusters is relatively small in one dimension, the inclusion of dummy variables removes potential dependencies as well. The number of clusters is in the time-dimension relatively small (→ 4.3). Therefore, I estimate the regressions by clustering the standard errors on company level and include year dummies to remove possible company and time effects.[555] More specific methodological details associated with the different proxies are discussed with the empirical results.

4.2 Measurement of Variables

4.2.1 Test Variables: Audit Firm and Audit Partner Tenure

The data used to calculate the tenure of the audit firm is hand-collected from the financial statements.[556] Structural changes in the audit market due to mergers and acquisitions lead to difficulties in clearly calculating the length of audit firm tenure. Following prior studies, audit firm changes due to audit firm mergers (and acquisitions) that occurred during the sample period are coded as a continuation of the prior audit firm.[557] The tenure of the audit firm (*FT*) is therefore calculated as the number of consecutive audits that the client has retained the same audit firm.[558,559] The effect of audit firm tenure may also be non-monotonically related with the propensity of issuing a GCO and the different earnings quality measures (the probability of issuing a restate-

---

555 Cf. *Petersen* (2008), pp. 435 ff.

556 The financial statements are retrieved using various sources (e.g. www.hv-info.de, www.morningstar.com or the company's homepage). The earliest financial report could be traced back to the fiscal year 1995.

557 Cf. *Myers et al.* (2003), p. 784; *Chi/Huang* (2005), footnote 8; *Chen et al.* (2008), p 421.

558 In line with *Chen et al.* (2008), audit firm tenure is set to 1 for the first financial report of the company that can be found. Cf. *ibid.*, p. 421, footnote 10.

559 I use the number of consecutive audits instead of the number of years for the following reason. German law prescribes a mandatory rotation of the audit partner if having signed the audit report in 7 consecutive cases. This includes audit reports for shortened fiscal years. A mandatory audit partner rotation can therefore occur before the 7th year. To be consistent with the approach used to calculate the tenure of the audit partner, I calculate the tenure of the audit firm as the number of consecutive audits as well. Cf. *Schmidt* (2014), sec. 319a HGB, recital 33.

ment, the probability of meeting or just beating analysts' forecasts, the magnitude of discretionary accruals), i.e. the tenure effect may be more pronounced in the initial and/or later periods of audit firm tenure.[560] Hence, I define dummy variables for short and long audit firm tenure to capture a possible non-monotonic relationship. Consistent with prior studies, FT_{Short} takes the value 1 if $FT \leq 3$, and 0 otherwise.[561] With regard to the definition of long audit firm tenure, prior studies use a variety of cut-off points ranging from $FT \geq 5$ to $FT \geq 15$.[562] The definition of long audit firm tenure "*remains arbitrary because no evidence has yet been documented as to why or how independence is impaired*"[563] when audit firm tenure reaches a certain threshold. However, the European Commission has come to the conclusion that audit firm tenure exceeding 10 years is detrimental to audit quality and has imposed a 10 year (or shorter) term of audit firm rotation for all public interest entities (→ 2.3.4).[564] Accordingly FT_{Long} takes the value 1 if $FT \geq 11$, and 0 otherwise.

With regard to the tenure of the audit partner, the data to calculate audit partner tenure is hand-collected as well from the audit report. It is common practice in Germany that the audit report is signed by the engagement as well as the review partner. The engagement partner sets the signature on the lower right side, whereas the review partner sets the signature on the lower left side of the audit report (→ 2.3.1).[565] Therefore, I calculate the engagement partner tenure (*EPT*) as the number of consecutive signatures of the audit partner that signs on the lower right side. Analogously, the review partner tenure (*RPT*)

---

560 Cf. *Geiger/Raghunandan* (2002a), pp. 74 f.

561 Cf. *Carcello/Nagy* (2004), p. 60; *Stanley/DeZoort* (2007), p. 141.

562 Cf. *Johnson et al.* (2002), p. 645; *Carcello/Nagy* (2004), p. 60; *Stanley/DeZoort* (2007), p. 141; *Chen et al.* (2008), p. 431; *Davis et al.* (2009), pp. 523 f.; *Quick/Wiemann* (2011), pp. 1115 f.

563 *Davis et al.* (2009), p. 524.

564 The period can be further extended for up to a maximum of ten years if a tender is undertaken, or up to a maximum of 14 years if a joint audit is adopted. Cf. *European Commission* (2014), art. 17.

565 Since the order of the signatures is not legally prescribed, it cannot be ruled out with absolute certainty that the engagement partner sets the signature on the lower left side and the review partner on the lower right side. However, *Gold et al.* (2012) also use a German sample and conduct for their study a survey on this matter. The results clearly support that the right-hand side of the audit report is signed by the engagement partner and the left-hand side of the audit report is signed by the review partner. Cf. *ibid.*, footnote 6.

is calculated as the number of consecutive signatures of the audit partner that signs on the lower left side. As at audit firm level, the relationship between audit partner tenure and audit quality might be non-monotonic. Thus, I define dummy variables for short and long engagement and review partner tenure. The dummy variables EPT_{Short}/RPT_{Short} take the value 1 if $EPT/RPT \leq 3$, and 0 otherwise. I choose this specific cut-off point based on the results of a survey conducted by *Daugherty et al.* (2012). Surveyed audit partners indicate that at least three years are needed to become familiar with the client.[566] The dummy variables EPT_{Long}/RPT_{Long} that test a non-monotonic relationship of extended audit partner tenure take the value 1 if $EPT/RPT \geq 6$, and 0 otherwise. As a sensitivity, I use an alternative measure based on the number of consecutive audits that the same two audit partners have been retained (*Team*).[567]

4.2.2 Control Variables

4.2.2.1 Audit Firm-Specific Variables

Audit Firm Size

Based on the theory of *DeAngelo*, larger audit firms, measured as the number of clients, are argued to have incentives to provide higher audit quality since their total collateral is higher (→ 2.2.2.2).[568] Larger audit firms are therefore less willing to accept questionable accounting methods, which enhances earnings quality. Furthermore, larger audit firms are more likely to report errors and irregularities, and are less likely to succumb to the client's wishes.[569]

---

566 Cf. *Daugherty et al.* (2012), p. 111.

567 Cf. *Chen et al.* (2008), p. 421. *Chen et al.* (2008) use two additional approaches to calculate audit partner tenure. The tenure of the audit partner with the longer client relationship and with the greater level of work experience. I do not use the two alternative approaches for the following reasons. Using the tenure of the audit partner with the longer client relationship would result in observations where audit partner tenure does not begin with 1. These observations need to be deleted which would reduce the already relatively small sample size. The tenure of the partner with the longer work experience has a technical and an interpretational drawback. First, multicollinearity issues might arise between the variable measuring audit partner tenure and audit partner experience since both increase with each subsequent audit engagement. Second, the effect of audit partner tenure cannot be clearly separated from the possible effect of the audit partner experience. Cf. *ibid.*, pp. 420 f.

568 Cf. *DeAngelo* (1981b), pp. 187 ff.

569 Cf. *Becker et al.* (1998), p. 8; *Boone et al.* (2010), p. 354.

Larger audit firms are therefore expected to provide higher audit quality. In line with prior research, the size of the audit firm is proxied by the Big4 vs. non-Big4 dichotomy.[570] The variable *Big4* is a dummy variable which takes the value 1 if the company is audited by a Big4 audit firm, and 0 otherwise. The variable *Big4* is expected to be associated with a higher propensity of issuing a GCO, a lower probability of issuing a restatement, a lower probability of meeting or just beating analysts' forecasts, and less extreme values of discretionary accruals.

Audit Firm Industry Expertise

Extensive investment in building up industry expertise, for example, by investing in audit technologies, industry-specific databases, checklists, physical facilities, personnel, and organizational control systems, might result in more comprehensive knowledge of a specific industry, including greater knowledge of industry-specific accounting practices. Since research indicates that the nature and incidence of financial statements errors vary by industries,[571] industry experts are likely to be better able to identify and constrain aggressive accounting practices. They are also more likely to detect and report irregularities or misrepresentations in financial statements of clients in that industry.[572] Therefore, industry experts are associated with higher earnings quality. The extensive investment in industry expertise also provides safeguards against potential threats to independence.[573] Research indicates that industry experts are valued higher and receive higher audit fees than non-experts.[574] Reputational damage, such as litigation, can result in the (partial) loss of these industry-specific premium rental streams, or can result in the loss of current and future clients. This might countervail the incentives to succumb to client's wishes (→ 2.2.2.2). Furthermore, it is argued that industry experts are more likely to express a more conservative opinion, i.e. a GCO is

---

570 Cf. *Craswell et al.* (1995), pp. 297 ff.; *Francis* (2004), pp. 352 f.
571 Cf. e.g. *Maletta/Wright* (1996), pp. 76 ff.
572 Cf. *Owhoso et al.* (2002), pp. 884 ff.; *Krishnan* (2003), p. 2; *Stanley/DeZoort* (2007), pp. 135 f.; *Reichelt/Wang* (2010), p. 652; *Zerni* (2012), p. 317.
573 Cf. *Craswell et al.* (1995), p. 300; *Lim/Tan* (2010), p. 928; *Reichelt/Wang* (2010), p. 653.
574 Cf. *Craswell et al.* (1995), pp. 310 ff.; *Zerni* (2012), pp. 312 ff.

expressed based on a lower probability of the client's business failure, as a protection against legal liabilities.[575] These arguments suggest that audit firms with higher levels of industry expertise are expected to provide higher audit quality. In line with *Krishnan* (2003), audit firm expertise is measured as the audit firm's proportion of audited total assets in a specific industry to audited total assets in the audit firm's portfolio.[576] The variable *IndExp* is expected to be associated with a higher propensity of issuing a GCO, a lower probability of issuing a restatement, a lower probability of meeting or just beating analysts' forecasts and less extreme values of discretionary accruals.

Office Size

More recent literature shifts the unit of analysis towards the level of local practice offices since audit firms have decentralized organizational structures. It is argued that expertise and knowledge are built up locally at the office and are therefore not only audit firm-specific but also office-specific.[577] Larger audit offices with a greater client base are assumed to have more audit engagement hours, which provides more opportunities to acquire more experience and expertise. Larger audit offices are also assumed to have more in-house personnel, i.e. greater in-house networking and consultation opportunities, which allows audit partners to consult with more peers.[578] These factors are expected to have positive effects on audit quality. Furthermore, it is argued that local offices behave like semi-autonomous units in terms of audit decisions, client base, revenue sources, and other factors.[579] The theory of *DeAngelo* can therefore be applied on office level as well, which means that

---

575 Cf. *Reichelt/Wang* (2010), pp. 653 f. The issuance of a GCO is regarded as a mechanism for protection against reputational damages. Cf. *Mutchler* (1984), pp. 23 f.; *Carcello/Palmrose* (1994), p. 17.

576 Cf. *Krishnan* (2003), pp. 3 f. The industry expertise is based on the sample of 2,761 observations. The number of observations is deducted rom the initial sample size of 2,808 observations less observations with joint audits and with shortened fiscal years (→ 4.3)

577 Cf. *Ferguson et al.* (2003), p. 425.

578 Cf. *Francis/Yu* (2009), p. 1523. The second argument only holds if audit partners are more likely to consult peers within the same office rather than consulting peers from other offices. *Danos et al.* (1989) provide evidence for this notion. Cf. *ibid.*, pp. 101 ff.

579 Cf. *Francis/Yu* (2009), p. 1523; *Choi et al.* (2010), p. 76.

larger offices are less likely to be economically dependent on a specific client.[580] Larger audit offices are therefore expected to provide higher audit quality. The audit office size is approximated by aggregating the total assets that are audited each year by the respective office.[581,582] The variable *Office* is expected to be associated with a higher propensity of issuing a GCO, a lower probability of issuing restatements, a lower probability of meeting or just beating analysts' forecasts, and less extreme values of discretionary accruals.[583]

4.2.2.2 Audit Partner-Specific Variables

Level of Work Experience[584]

Audit partners with higher levels of work experience develop greater persuasion knowledge and audit task expertise, which might positively influence the audit process (→ 2.2.2.1). Furthermore, experimental research indicates that audit partners with higher levels of work experience have superior audit judgment capabilities.[585] Audit partners with higher levels of work experience are therefore expected to provide higher audit quality. The level of work experience is calculated as the number of years since the engagement and review partner's CPA appointment when having signed the audit report.[586] The variables EP_{Exp} and RP_{Exp} are expected to be associated with a higher propensity

---

580 Cf. *Choi et al.* (2010), pp. 76 f.

581 *Francis/Yu* (2009) use the natural log of the audit office's total audit fees for each year. *Choi et al.* (2010) further approximate office size by the deflated number of clients minus 1. I do not use the measure based on audit fees since the percentage of audit fees available in the Thomson Reuters Worldscope Database is relatively small. Furthermore, I do not approximate the office size by the number of clients. Although *Choi et al.* (2010) deflate the measure by the largest value in the distribution which renders the variable into a unit-free form, this approach assumes that all clients are equally big. For these reasons, I use the log value of the audited total assets. Cf. *Francis/Yu* (2009), p. 1528; *Choi et al.* (2010), p. 80.

582 The audit office size is based on the sample of 2,761 observations. Due to the skewness in the distribution, I use the natural log of audited total assets.

583 I do not proxy industry expertise on office level due to the relatively small sample size per year (approximately 400 observations) and the relatively high number of unique audit offices (approximately 150 different offices).

584 I do not proxy the level of industry expertise at audit partner level since the average audit partner has in the sample on average 1.4838 clients (median: 1.0000 clients).

585 Cf. *Friestad/Wright* (1994), pp. 4 f.; *Shelton* (1999), pp. 222 ff.; *Kaplan et al.* (2008), pp. 67 ff.

586 The dates of the appointments are accessible via http://www.wpk.de/suchdienst/OBRWPVerzFormularEinfach.asp (Last accessed: February 28th, 2015).

of issuing a GCO, a lower probability of issuing a restatement, a lower probability of meeting or just beating analysts' forecasts and less extreme values of discretionary accruals.

Innate Abilities

The innate abilities of audit partners, such as recognizing relationships, interpreting data or analytical reasoning, are one of the factors that determine the level of competence (→ 2.2.2.1).[587] Research documents higher performance in auditing tasks for audit partners with higher levels of innate abilities.[588] Audit quality is therefore assumed to increase with the innate abilities of audit partners. In line with *Ernstberger et al.* (2013), the innate ability is proxied by determining whether an audit partner carries an academic title.[589] The variables $EP_{Ability}$ and $RP_{Ability}$ take the value 1 if the audit partner carries an academic title, and 0 otherwise. The variables $EP_{Ability}$ and $RP_{Ability}$ are expected to be associated with a higher propensity of issuing a GCO, a lower probability of issuing a restatement, a lower probability of meeting or just beating analysts' forecasts, and less extreme values of discretionary accruals.[590]

Gender

Psychological literature indicates that females are generally more risk-averse, show less overconfidence and display higher levels of moral development than males.[591] Lower earnings quality is associated with higher risks for a company, including its directors and auditors.[592] Audit partners face higher

---

587 Cf. *Bonner/Lewis* (1990), pp. 2 ff.; *Libby* (1995), pp. 194 ff.

588 Cf. *Bonner/Lewis* (1990), pp. 1 ff.; *Bierstaker/Wright* (2001), pp. 49 ff.

589 Cf. *Ernstberger et al.* (2013), p. 16. *Ernstberger et al.* (2013) argue that an academic title proxies the innate abilities of audit partners for two reasons. First, enrolling in a Ph.D. is viewed as a pathway to better career opportunities in Germany. And, second, a Ph.D. serves as a signal in the egalitarian structure among universities in Germany. The selection of a university is viewed as a less valuable signal and a Ph.D. degree therefore serves as a more valuable signal of one's ability. Cf. *ibid.*, pp. 16 f.

590 However, carrying an academic title might not only reflect the innate abilities of audit partners but might also reflect higher bargaining power of such audit partners. Audit partners with an academic title might provide higher audit quality due to having a higher standing in the eyes of clients and therefore being better able to defend their views on questionable accounting practices.

591 Cf. *Dohmen et al.* (2011), pp. 522 ff.; *Lundeberg et al.* (1994), pp. 114 ff.; *Bernardi/Arnold* (1997), pp. 653 ff.; *Schubert* (2006), pp. 706 ff.

592 Cf. *Srindhi et al.* (2011), p. 1; *Myers et al.* (2003), p. 614.

litigation risks when earnings quality is low.[593] Therefore female audit partners might act more decisively in improving audit quality due to gender inherent characteristics.[594] Furthermore, it is argued that female audit partners are more aligned with quality-oriented aspects of the audit profession, while male audit partners are more concerned with the revenue-orientated aspect. This suggests that female audit partners are less concerned about losing a client and are therefore less susceptible to succumb to clients' wishes.[595] Although these arguments point to femal audit partners having positive effects on audit quality, no prediction is made on the direction due to the lack of comprehensive evidence. The gender variable is coded as a dummy variable with *Gender* taking the value 1 if the engagement and/or review partner are female, and 0 otherwise.[596]

4.2.2.3 Client-Specific Variables

I further include various variables that control for client-specific characteristics that have been shown to have an effect on the propensity of issuing a GCO and on earnings quality. Broadly these variables address the financial performance of the client, the sophistication of the financial-reporting system, incentives of management, and governance characteristics.[597] Since client-specific cross-sectional determinants of the various proxies differ somewhat for each proxy, they are presented with the empirical results of the respective proxy.

4.3 Sample Selection

The sample to test the hypotheses consists of all capital market-oriented non-financial German companies with IFRS consolidated financial statements that were listed in the regulated market (CDAX) of the Frankfurt Stock Exchange

---

593 Cf. *Heninger* (2001), pp. 117 ff.
594 Cf. *Srindhi et al.* (2011), p. 1614.
595 Cf. *Hardies et al.* (2014), pp. 4 f.
596 I do not code the gender of the engagement and review partner separately since the percentage of female audit partners is extremely low. In the preliminary sample about 14% (226 out of 1,615 observations) of the engagement partners are female, whereas only about 5% (78 out of 1,615 observations) of the review partners are female.
597 Cf. *Johnson et al.* (2002), p. 647; *Carson et al.* (2013), p. 357.

between the years 2005 and 2011.[598] The initial sample contains 2,808 observations.[599] I delete observations with joint audits (14 observations), with shortened fiscal years (33 observations) and where the name of neither the engagement nor review partner is identifiable (48 observations and 124 observations, respectively). I exclude observations where the engagement partner becomes the review partner and/or the review partner becomes the engagement partner in the following audit engagement (427 observations) since these audit partners are less likely to suffer from client-specific knowledge loss associated with initial audit engagements.[600] I further delete observations where the engagement and/or review partner rotates back within two years (29 observations).[601] These observations are deleted for two reasons. First, these audit partners are less likely to suffer from client-specific knowledge loss as well. And second, the German legislation has implemented a cooling-off period of 2 years for audit partners that have mandatorily rotated-off. A period of less than 2 years is therefore assumed not be an effective safeguard to possible threats to the audit partner's independence.[602] I exclude observations where the tenure of the engagement or the review partner tenure exceeds 7 consecutive audits (50 observations[603]) and observations with missing values of the audit firm- and audit partner-specific control variables (258 observations). Lastly, I delete observations for the fiscal year 2005 since various variables are scaled by prior years' total assets (210 observations). The preliminary sample consists of 1,615 observations with 437 unique companies. Table 4 summarizes the selection process.

---

598 The sample period begins with the fiscal year 2005 to generate a homogeneous database. Capital market-oriented companies with fiscal years beginning on or after January 1st, 2005 were mandated to draw up their consolidated financial statements in accordance with the IFRS (→ 2.3.1).

599 The financial information was retrieved using the Thomson Reuters Worldscope Database.

600 Cf. *Chi et al.* (2009), p. 365. I remove the complete tenure of the partner with the specific client from the observation pool, i.e. not only the observation where the switch occurs is removed but the complete line of observations with that specific audit partner.

601 This also includes observations where the engagement partner becomes the review partner and vice versa. Again, the complete line of observations are excluded.

602 Cf. sec. 319a I No. 4 HGB; *IESBA* (2006), p. 1.

603 Audit partner tenure can exceed 7 consecutive audits since the mandatory audit partner rotation rule only becomes effective as soon as the entity is classified as a public interest entity.

Table 4

Preliminary Sample Selection

		Obs.
Non-financial Companies with IFRS Consolidated Financial Statements between the Years 2005 and 2011		2,808
Less:	Observations with Joint Audits	(14)
Less:	Observations with Shortened Fiscal Years	(33)
Less:	Engagement Partner not identifiable	(48)
Less:	Review Partner not identifiable	(124)
Less:	Engagement Partner Becomes Review Partner and/or Review Partner Becomes Engagement Partner in the Following Audit	(427)
Less:	Engagement Partner and/or Review Partner Rotates Back Within Two Audits	(29)
Less:	Engagement Partner Tenure and/or Review Partner Tenure Exceeds 7 Consecutive Audits	(50)
Less:	Missing Data for Further Auditor-Specific Variables	(258)
Less:	Observations of the Fiscal Year 2005	(210)
Preliminary Sample		1,615

From the preliminary sample, I derive four subsamples used in this study for the four types of analysis: going-concern analysis, restatement analysis, meeting or just beating analysts' forecasts analysis and discretionary accruals analysis (see Table 5). Following prior literature, the control sample for the going-concern analysis is restricted to clients in financial distress since a GCO is usually not issued to a client that is not financially distressed and subsequently fails (→ 3.1.1.1.2).[604] I use two different approaches to define financial distress which results in two different control samples, i.e. *Control Sample A* and *Control Sample B* (→ 5.1.1). After deducting observations with missing values of control variables, observations with a GCO and observations that are not classified as being in financial distress, *Control Sample A* consists of 241 observations and *Control Sample B* consists of 115 observations. This procedure yields two different samples for the going-concern analysis: (1) *Distressed Sample A* that consists of *Control Sample A* and clients that receive a GCO, and (2) *Distressed Sample B* that consists of *Control Sample B* and clients that receive a GCO. The *Distressed Sample A* has 277 observations

604 Cf. *Ratzinger-Sakel* (2013), pp. 137 f.

and the *Distressed Sample B* has 151 observations. Table 5 summarizes the subsample selection process. The restatement analysis subsample has 1,463 observations, after deleting observations with missing values of control variables (152 observations). The meeting or just beating analysts' forecasts analysis subsample has 1,125 observations, after deducting observations with missing values of control variables (490 observations). The subsample of the discretionary accruals analysis has 1,270 observations, after deleting missing values of control variables (345 observations). With regard to the distribution of the subsamples by industry (Table 6: Panel A) and by fiscal year (Table 6: Panel B), most of the companies in the different subsamples belong to the industries durable manufacturers, services and computers. The observations per year are approximately evenly distributed in the restatement, meeting or just beating analysts' forecasts and discretionary accruals analysis subsamples. In the going-concern analysis subsample there is a concentration of financially distressed clients in the fiscal year 2010 for the *Distressed Sample A* (23.47%) and in the fiscal year 2008 for the *Distressed Sample B* (23.18%). The distribution in the *Distressed Sample A* is at first glance somewhat surprising because a concentration of financially distressed companies is expected for the fiscal years 2008 and/or 2009 due to the effects of the financial crisis of 2008. However, the classification scheme used to identify financially distressed companies for *Distressed Sample A* uses the criteria negative EBIT in the prior year and net loss in the prior year (→ 5.1.1), which is most likely to have caused the concentration of financially distressed observations in the fiscal year 2010 for *Distressed Sample A.*

Table 5

Subsample Selection

Panel A: Analysis of Going-Concern Opinion	
Preliminary Sample	1,615
Less: Observations with Missing Values of Client-Specific Variables	(188)
Less: Observations with a GCO	(36)
Less: Non-financially Distressed Observations A	(1,150)
Control Sample A in the Analysis of Going-Concern Opinion	241
Add: Observations with a GCO	36
Final Sample in the Analysis of Going-Concern Opinion: Distressed Sample A	*277*

Preliminary Sample	1,615
Less: Observations with Missing Values of Client-Specific Variables	(188)
Less: Observations with a GCO	(36)
Less: Non-financially Distressed Observations B	(1,276)
Control Sample B in the Analysis of Going-Concern Opinion	115
Add: Observations with a GCO	36
Final Sample in the Analysis of Going-Concern Opinion: Distressed Sample B	*151*
Panel B: Analysis of Restatements	
Preliminary Sample	1,615
Less: Observations with Missing Values of Client-Specific Variables	(152)
Final Sample in the Analysis of Restatements	*1,463*
Panel C: Analysis of Meeting or Just Beating Analysts' Forecasts	
Preliminary Sample	1,615
Less: Observations with Missing Values of Client-Specific Variables	(490)
Final Sample in the Analysis of Analysts' Forecasts	*1,125*
Panel D: Analysis of Discretionary Accruals	
Preliminary Sample	1,615
Less: Observations with Missing Values of Client-Specific Variables	(345)
Final Sample in the Analysis of Discretionary Accruals	*1,270*

Table 6

Distribution of Subsamples

Panel A: Subsample Distribution by Industry

		Going-Concern Analysis Subsample				Restatement Analysis Subsample		Meeting or Just Beating Analysts' Forecasts Subsample		Discretionary Accruals Analysis Subsample	
		Distressed Sample A		Distressed Sample B							
Industry	SIC Codes	Obs.	%	Obs.	%	Obs.	%	Obs.	%	Obs.	%
Agriculture	0100-0999	-	-	-	-	14	0.96	14	1.24	13	1.02
Mining and Construction	1000-1999, less 1300-1399	3	1.08	2	1.32	38	2.60	31	2.76	33	2.60
Food	2000-2111	10	3.61	3	1.99	24	1.64	6	0.53	19	1.50
Textiles and Printing/Publishing	2200-2799	11	3.97	6	3.97	89	6.08	54	4.80	81	6.38
Chemicals	2800-2824, 2840-2899	10	3.61	9	5.96	62	4.24	56	4.98	52	4.09
Pharmaceuticals	2830-2836	16	5.78	12	7.95	37	2.53	32	2.84	35	2.76
Extractive	1300-1399, 2900-2999	-	-	-	-	5	0.34	5	0.44	4	0.31
Durable Manufacturers	3000-3999, less 3570-3579 and 3670-3679	70	25.27	33	21.85	452	30.90	358	31.82	402	31.65
Transportation	4000-4899	26	9.39	5	3.31	93	6.36	78	6.93	79	6.22
Utilities	4900-4999	6	2.17	8	5.30	56	3.53	38	3.38	48	3.78
Retail	5000-5999	10	3.61	5	3.31	113	7.72	85	7.56	94	7.40
Services	7000-8999, less 7370-7379	59	21.30	33	21.85	205	14.01	140	12.44	181	14.25
Computers	3570-3579, 3670-3679, 7370-7379	56	20.22	35	23.18	275	18.80	228	20.27	229	18.03
Total		277	100.00	151	100.00	1,463	100.00	1,125	100.00	1,270	100.00

Table 6 continued

Panel B: Subsample Distribution by Year

Year	Going-Concern Analysis Subsample				Restatement Analysis Subsample		Meeting or Just Beating Analysts' Forecasts Subsample		Discretionary Accruals Analysis Subsample	
	Distressed Sample A		Distressed Sample B							
	Obs.	%	Obs.	%	Obs.	%	Obs.	%	Obs.	%
2006	52	18.77	26	17.22	221	15.11	167	14.84	174	13.70
2007	43	15.52	29	19.21	253	17.29	196	17.42	216	17.01
2008	40	14.44	35	23.18	249	17.02	180	16.00	212	16.69
2009	45	16.25	22	14.57	246	16.81	196	17.42	228	17.95
2010	65	23.47	17	11.26	244	16.68	193	17.16	217	17.09
2011	35	11.55	22	14.57	250	17.09	193	17.16	223	17.56
Total	277	100.00	151	100.00	1,463	100.00	1,125	100.00	1,270	100.00

5 Empirical Results

This chapter reports the empirical results for the different proxies used to infer audit quality: the auditor's propensity of issuing a going-concern opinion, the probability of issuing a restatement, the probability of meeting or just beating analysts' forecasts and the magnitude of discretionary accruals. The presentation of the results begins with a description of the specific method and the model specifications. Following the descriptive statistics and univariate results, the results of the multivariate analysis are presented. The multivariate results are reported separately for the hypothesis testing the effect of audit firm tenure on audit quality (Hypothesis H1), for the hypotheses testing the effect of engagement and review partner tenure on audit quality (Hypotheses H2a and H2b), and for the hypothesis testing the effect of audit firm tenure on audit quality after controlling for engagement and review partner tenure (Hypothesis H3). The analysis of each proxy concludes with a brief summary of the results.

5.1 Analysis I: Going-Concern Opinion

5.1.1 Method and Model Specification

The first proxy is the auditor's propensity of issuing a GCO.[605] Consistent with prior studies, I restrict the analysis to clients that are classified as being in financial distress,[606] for which the auditor's decision is assumed to be more salient when considering to issue a GCO (→ 3.1.1.1.2).[607] I also restrict the sample to clients that receive a GCO for the first time since issuing a GCO in subsequent years is associated with a lower risk of being dismissed by the client. Furthermore, the perceived risk of losing a disgruntled client is not constituted in the decision model.[608]

---

605 The incidences of first-time GCOs are hand-collected by reading the audit reports. Only material that addresses doubts about the client's future ability to continue as a going-concern are considered as a GCO.

606 Cf. e.g. *Reichelt/Wang* (2010), pp. 654 f.; *Ratzinger-Sakel* (2013), pp. 137 f.

607 Cf. *McKeown et al.* (1991), p. 3; *Reynolds/Francis* (2000), p. 390; *Geiger/Rama* (2006), p. 5.

608 Cf. *Blay/Geiger* (2013), p. 585; *Ratzinger-Sakel* (2013), p. 137.

In line with *Ratzinger-Sakel* (2013), I use two different approaches to capture financial distress. The first approach to identify financial distress uses criteria drawn from a survey of German public audit partners.[609] In this survey, German audit partners were asked to rate the relevance of various indicators when assessing the appropriateness of the going-concern assumption.[610] Accordingly, the control sample of *Distressed Sample A* contains only clients that exhibit at least two of the following criteria:[611] (1) negative equity, (2) negative operating cash flow, (3) negative working capital, (4) negative EBIT in the prior year, and (5) net loss in the prior year.[612] I also use a more strict classification scheme to capture more severe financial distress. In the second approach, the control sample of *Distressed Sample B* contains only clients that report negative income and negative operating cash flows.[613] To test Hypotheses H1 to H3, the following basic logistic regressions are estimated:[614]

$$GCO = \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag + \beta_{13} Busy + \beta_j Year + \varepsilon \quad (14)$$

$$GCO = \beta_0 + \beta_1 \boldsymbol{EPT} + \beta_2 \boldsymbol{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} MB + \beta_{17} AC + \beta_{18} Lag + \beta_{19} Busy + \beta_j Year + \varepsilon \quad (15)$$

609 Cf. *Ratzinger-Sakel* (2013), pp. 137 f.
610 Cf. *Adam* (2007), pp. 199 ff.
611 Unlike *Ratzinger-Sakel* (2013), at least two of the criteria must be met in order to be classified as being in financial distress. This further reduces the risk that clients with only minimal indicators of financial distress are captured in the control sample, which could lead to spurious results (→ 3.1.1.1.2). Cf. also *Frey* (2014), pp. 108 f.
612 Cf. *Ratzinger-Sakel* (2013), pp. 137 f.
613 Cf. *Blay/Geiger* (2013), footnote 3; *Ratzinger-Sakel* (2013), pp. 137 f.
614 Firm and year subscripts are omitted for brevity.

$$GCO = \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 \boldsymbol{EPT} + \beta_3 \boldsymbol{RPT} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} OCF + \beta_{15} Lev + \beta_{16} pBank + \beta_{17} MB + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + \beta_j Year + \varepsilon \quad (16)$$

where:

GCO	=	Dummy variable coded 1 if the client receives a first-time GCO, and 0 otherwise;
FT	=	Number of consecutive audits that the client has retained the same audit firm;
EPT	=	Number of consecutive audits that the client has retained the same engagement partner;
RPT	=	Number of consecutive audits that the client has retained the same review partner;
EP_{Exp}	=	Work experience of the engagement partner calculated as the number of years since the engagement partner's CPA appointment when having signed the audit report;
RP_{Exp}	=	Work experience of the review partner calculated as the number of years since the review partner's CPA appointment when having signed the audit report;
$EP_{Ability}$	=	Dummy variable coded 1 if the engagement partner has attained an academic title, and 0 otherwise;
$RP_{Ability}$	=	Dummy variable coded 1 if the review partner has attained an academic title, and 0 otherwise;
$Gender$	=	Dummy variable coded 1 if the engagement and/or review partner are female, and 0 otherwise;
$Big4$	=	Dummy variable coded 1 if the client is audited by a Big4 audit firm, and 0 otherwise;
$IndExp$	=	Level of industry expertise of the audit firm measured as the audit firm's portfolio share of audited total assets in a specific industry relative to audited total assets from all served industries;
$Office$	=	Size of the city-based engagement office within an audit firm calculated as the natural logarithm of the total assets that are audited by that office in a specific fiscal year;
Age	=	Natural logarithm of the number of years since the client was founded;
$Size$	=	Size of the client approximated as the natural logarithm of year-end value of total assets in T€;
OCF	=	Operating cash flow divided by the value of total assets;

Lev	=	Leverage of the client, defined as the value of total debts divided by the value of total assets;
pBank	=	Zmijewski's (1984) financial condition score;[615]
MB	=	Ratio of the client's market value to its book value of equity;
AC	=	Dummy variable coded 1 if an audit committee exists, and 0 otherwise;
Lag	=	Natural logarithm of the number of days from the client's fiscal year end to the day that the audit report is signed;
Busy	=	Dummy variable coded 1 if the client's fiscal year ends in December, and 0 otherwise;
Year	=	Dummy variables representing the fiscal years 2006, 2007, 2008, 2009 and 2010, respectively; and
ε	=	Error term.

The dependent variable *GCO* is a dummy variable that takes the value 1 if the client receives a first-time GCO, and 0 otherwise. The test variable for Hypothesis H1 is *FT* and measures the length of the audit firm tenure. The test variables for Hypotheses H2a and H2b are *EPT* and *RPT*, respectively and indicate the length of the engagement and review partner tenure. The primary test variable for Hypothesis H3 is *FT* after controlling for the effects of *EPT* and *RPT*.

I include various client-specific variables that might influence the auditor's propensity of issuing a GCO. The age and size of the client are assumed to be inversely related to the propensity of issuing a GCO. Larger clients have more resources to stave off bankruptcy and more negotiation power with creditors in the event of financial distress, while older clients have shown their ability to survive.[616] Both variables are therefore expected to be negatively correlated with the dependent variable *GCO*. To control for liquidity problems, the level of the client's operating cash flow is included. Poor operating cash flows are often associated with a higher probability of client failure. However, higher

---

615 The Zmijewski-score is calculated as follows: *pBank* = -4.336 - 4.513*(net income/total assets) + 5.679*(total debt/total assets) + 0.004*(current assets/current liabilities). Cf. *Zmijewski* (1984), p. 69.

616 Cf. *Reynolds/Francis* (2000), p. 392; *DeFond et al.* (2002), p. 1257; *Knechel/Vanstraelen* (2007), p. 119; *Francis/Yu* (2009), p. 1330.

levels of operating cash flows might also indicate liquidity-enhancing transactions to avert potential bankruptcy (e.g. factoring receivables).[617] Therefore, no prediction is made on the direction of the variable *OCF*. Clients with higher leverage and higher bankruptcy scores are more likely to receive a GCO. The variables *Lev* and *pBank* are therefore expected to be positively correlated with the propensity of issuing a GCO.[618] Since riskier clients with high levels of growth are more likely to fail, I include the market-to-book ratio as an indicator for growth. The correlation with the propensity of issuing a GCO is expected to be positive.[619] The existence of an audit committee[620] can facilitate the process of issuing a GCO. Hence, the variable *AC* is expected to be positively correlated with the dependent variable *GCO*.[621] Prior research indicates that issuing audit reports containing a GCO tend to have larger reporting lags.[622] Larger reporting lags might be due to ongoing discussions between clients and auditors about the "appropriateness" of the GCO.[623] The variable *Lag* is therefore expected to be positively correlated with the propensity of issuing a GCO. To control for possible effects of heightened workload pressure during the "busy season", I include the variable *Busy*. Since it is not clear which effect workload pressure has on the propensity of issuing a GCO, no direction is predicted.[624]

---

617 Cf. *Butler et al.* (2004), p. 141.

618 Cf. *Raghunandan/Rama* (1995), pp. 56 ff.; *DeFond et al.* (2002), p. 1257; *Carson et al.* (2013), p. 358.

619 Cf. *Francis/Yu* (2009), p. 1530.

620 In Germany, the implementation of an audit committee is not mandatorily prescribed for all companies. Only listed companies according to sec. 264d HGB who do not have at least one member in the supervisory board with expertise in the areas of accounting and auditing have to establish an audit committee. Cf. sec. 324 I 1 HGB in conjunction with sec. 100 V AktG.

621 Cf. *Ratzinger-Sakel* (2013), p. 141.

622 Cf. *Geiger/Rama* (2003), p. 59.

623 Since the audit report is a joint statement of the auditor and the client, extensive discussions might arise. The client might seek to avoid receiving a GCO in order to avoid possible negative consequences that are associated with a GCO (e.g. more difficulties in receiving loans). The auditor, however, might be inclined to issue a GCO in order to protect himself from possible reputational damages or litigation (→ 3.1.1.1.1).

624 Cf. *López/Peters* (2012), p. 158.

5.1.2 Descriptive Statistics

Table 7 presents an overview of the descriptive statistics for *Distressed Sample A (B)*.[625] About 13.00% (23.84%) of the sample observations (36 observations) have a first-time GCO. The mean of audit firm tenure is 5.0578 (4.8609), whereas the mean of engagement and review partner tenure are 2.4946 (2.7550) and 2.5921 (2.5828), respectively.[626] The percentage of engagement and review partner that are subject to a mandatory rotation is extremely low (approximately 2%). There are only 7 (6) cases where the engagement partner and 7 (2) cases where the review partner rotate-off mandatorily. The mean of engagement and review partner's work experience are 7.3566 years (6.9534 years) and 14.5790 years (13.8855 years), respectively. About 8.30% (7.95%) of the engagement partners carry an academic title. The percentage of review partners with an academic title is considerably higher and amounts to 17.33% (23.18%). In about 21.66% (21.19%) of the audit engagements, the engagement and/or review partner are female. About 66.43% (59.60%) of the sample observations are audited by a Big4 audit firm. The average portfolio share of clients from a specific industry for an audit firm amounts to 25.19% (27.33%) of audited total assets from all served industries. The average size of an audit office proxied by the audited total assets is 34,449,544 T€ (26,016,765 T€). Given that the average value of total assets for a client equals to 1,525,399 T€ (1,025,788 T€), this means that an audit office has a total of about 23 clients (25 clients).[627] With regard to the descriptive statistics of the various client-specific characteristics, the average client is 35.6895 years (30.1589 years) old, has an operating cash flow of -0.52% (-11.23%) of total assets, a leverage of 23.80% (24.97%), a bankruptcy score

---

625 All continuous variables are winsorized at the 1st and 99th percentile to control for outliers.

626 The mean values of the variables *FT*, *EPT* and *RPT* do not indicate how long the audit firm-, engagement partner-, and review partner-client tenure actually lasts since a single audit firm-, engagement partner-, and review partner-pair may appear multiple times in the data set. Cf. *Chen et al.* (2008), p. 423.

627 The average number of total clients for an audit office is likely to be distorted by Big4 audit firms having generally larger clients. In Model A (B), the average value of total assets audited by a Big4 audit firm amounts to 2,140,914 T€ (1,532,274 T€), whereas the average value of total assets audited by a non-Big4 audit firm amounts to only 307,605 T€ (278,515 T€).

of -2.4273 (-1.7381), a market-to-book ratio of 188.56% (213.26%), and a reporting lag of 94.9892 days (102.0331 days). About 41.16% (37.09%) of the sample observations have an audit committee and about 83.03% (84.77%) have the fiscal year-end in December.[628]

[628] Please note that the reported values of the variables *Office*, *Age*, *Size* and *Lag* do not correspond to the values reported in Table 7 since these variables are logarithmized.

Table 7

Descriptive Statistics of GCO Analysis

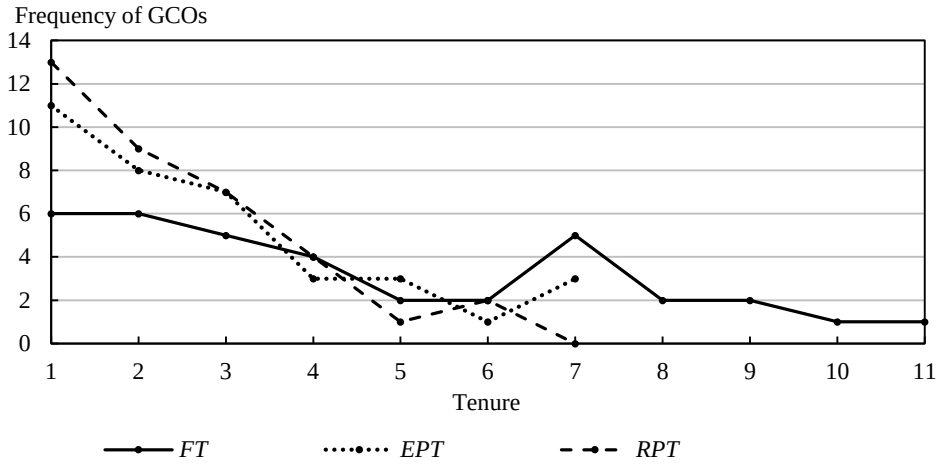
	Distressed Sample A							Distressed Sample B						
Variables	**Mean**	**Std.Dev.**	**Min.**	**Q1**	**Median**	**Q3**	**Max.**	**Mean**	**Std.Dev.**	**Min.**	**Q1**	**Median**	**Q3**	**Max.**
GCO	0.1300	0.3369	0.0000	0.0000	0.0000	0.0000	1.0000	0.2384	0.4275	0.0000	0.0000	0.0000	0.0000	1.0000
FT	5.0578	3.3896	1.0000	2.0000	4.0000	8.0000	16.0000	4.8609	3.1071	1.0000	2.0000	4.0000	7.0000	12.0000
EPT	2.4946	1.6053	1.0000	1.0000	2.0000	3.0000	7.0000	2.7550	1.7242	1.0000	1.0000	2.0000	4.0000	7.0000
RPT	2.5921	1.5822	1.0000	1.0000	2.0000	3.0000	7.0000	2.5828	1.5507	1.0000	1.0000	2.0000	4.0000	7.0000
EP_{Exp}	7.3566	4.7691	0.1648	3.9808	6.2802	9.7115	23.2088	6.9534	4.0795	0.1648	3.9890	6.4368	9.6291	20.9835
RP_{Exp}	14.5790	6.3406	3.1813	9.9368	13.7418	19.1538	30.1731	13.8855	5.6845	3.5055	9.9176	12.9588	17.9286	30.1731
$EP_{Ability}$	0.0830	0.2764	0.0000	0.0000	0.0000	0.0000	1.0000	0.0795	0.2714	0.0000	0.0000	0.0000	0.0000	1.0000
$RP_{Ability}$	0.1733	0.3792	0.0000	0.0000	0.0000	0.0000	1.0000	0.2318	0.4234	0.0000	0.0000	0.0000	0.0000	1.0000
Gender	0.2166	0.4127	0.0000	0.0000	0.0000	0.0000	1.0000	0.2119	0.4100	0.0000	0.0000	0.0000	0.0000	1.0000
Big4	0.6643	0.4731	0.0000	0.0000	1.0000	1.0000	1.0000	0.5960	0.4923	0.0000	0.0000	1.0000	1.0000	1.0000
IndExp	0.2519	0.3245	0.0011	0.0136	0.0738	0.3701	1.0000	0.2733	0.3436	0.0011	0.0136	0.0859	0.3788	1.0000
Office	14.6163	2.9862	8.7877	12.2657	14.9511	16.7995	19.3491	14.0235	2.9125	8.7877	11.5923	13.9496	15.9552	19.3491
Age	2.9663	1.0688	0.0000	2.3026	2.7081	3.4340	5.2364	2.8190	1.0466	0.0000	2.3026	2.6391	3.3322	5.2364
Size	11.6105	1.9067	8.1113	10.3045	11.3176	12.5269	18.4310	11.1813	1.7504	8.1113	10.0281	11.1166	12.1085	18.4310
OCF	-0.0052	0.1493	-0.5424	-0.0496	0.0061	0.0869	0.4323	-0.1123	0.1342	-0.5424	-0.1800	-0.0684	-0.0271	0.1785
Lev	0.2380	0.2318	0.0000	0.0561	0.1743	0.3461	0.9881	0.2497	0.2508	0.0000	0.0564	0.1747	0.3605	0.9881
pBank2	-2.4273	1.8868	-5.4048	-3.7217	-2.7743	-1.5748	4.1701	-1.7381	2.0018	-4.2717	-3.2296	-2.2489	-0.8883	4.1701
MB	1.8856	2.6775	-3.4676	0.7557	1.2778	2.3892	14.6789	2.1326	3.1105	-3.4676	0.6839	1.2629	2.8452	14.6789
AudCom	0.4116	0.4930	0.0000	0.0000	0.0000	1.0000	1.0000	0.3709	0.4846	0.0000	0.0000	0.0000	1.0000	1.0000
Lag	4.4583	0.4110	3.4012	4.2047	4.4067	4.7185	5.8579	4.5347	0.4143	3.4012	4.3041	4.4659	4.7707	5.8579
Busy	0.8303	0.3760	0.0000	1.0000	1.0000	1.0000	1.0000	0.8477	0.3605	0.0000	1.0000	1.0000	1.0000	1.0000

5.1.3 Univariate Analysis

In this section, I present univariate results with regard to the test variables, i.e. audit firm tenure, engagement partner tenure, and review partner tenure, and the frequency of GCOs (*GCO* = 1). Figure 1 graphs the distribution by tenure.

Figure 1

Frequency of *GCO* = 1 by Audit Firm and Audit Partner Tenure



Notes:

FT = Length of audit firm tenure, where the tenure of the audit firm equals the number of consecutive audits that the client has retained the same audit firm.

EPT = Length of engagement partner tenure, where the tenure of the engagement partner equals the number of consecutive audits that the client has retained the same engagement partner.

RPT = Length of review partner tenure, where the tenure of the review partner equals the number of consecutive audits that the client has retained the same review partner.

The pattern of the graph indicates that the propensity of issuing a GCO decreases with ongoing audit firm, engagement partner and review partner tenure. The graph also reveals that the frequency of GCOs in the early periods of engagement and review partner tenure is higher than the frequency of GCOs in the early periods of audit firm tenure. This might indicate that short

engagement and review partner tenure have a greater influence on the issuance of a GCO than short audit firm tenure.[629] Further univariate results for *Distressed Sample A* and *Distressed Sample B* are presented in Table 8. The mean value of audit firm tenure is lower for clients that receive a GCO (*FT*: 4.4722 vs. 5.1452 and 4.9826, respectively). At audit partner level, the mean value of engagement partner tenure is higher for clients receiving a GCO (*EPT*: 2.8333 vs. 2.4440 and 2.7304, respectively), while the mean value of review partner tenure is lower for clients receiving a GCO (*RPT*: 2.3611 vs. 2.6266 and 2.6522, respectively). The results of the Wilcoxon rank sum test show that the mean differences are insignificant. Unlike the results of Figure 1 suggest, univariate results do not provide evidence that the propensity of issuing a GCO is associated with the length of audit firm tenure, engagement partner tenure, and review partner tenure. Audit firm- and audit partner-specific characteristics do not significantly differ between clients that receive a GCO and clients that do not. Solely, there is weak evidence in *Distressed Sample A* only that a GCO is more likely to be issued when the review partner carries an academic title. With regard to the variables controlling for client-specific characteristics, there is evidence in both models that a GCO is more likely for clients that have higher levels of leverage, higher bankruptcy scores, and larger reporting lags. Furthermore, a GCO is in Model A more likely for clients that have lower levels of operating cash flow, whereas the results in Model B indicate that a GCO is more likely for clients with higher levels of operating cash flow.

The correlation matrix (see Table 9) does not indicate that multicollinearity issues bias the results. The majority of the correlations are above -0.4 and below 0.4. The largest variance inflation factors (VIF) do not exceed the value of 10.[630]

---

629 If the issuance of a GCO were only to be attributed to short audit firm tenure, the frequency of GCOs in the early periods of engagement and review partner tenure would be expected to be at least equal or lower than the frequency of GCOs in the early periods of audit firm tenure.

630 Cf. *Belsley et al.* (1980), p. 156.

Table 8

Univariate Results of GCO Analysis

	Distressed Sample A						Distressed Sample B					
	GCO		No GCO				GCO		No GCO			
Variables	**Mean**	**Median**	**Mean**	**Median**	**Diff. t-test[a]**		**Mean**	**Median**	**Mean**	**Median**	**Diff. t-test[a]**	
Test Variables												
FT	4.4722	4.0000	5.1452	5.0000	-0.9110		4.4722	4.0000	4.9826	4.0000	-0.8195	
EPT	2.8333	2.0000	2.4440	2.0000	1.0816		2.8333	2.0000	2.7304	2.0000	0.1298	
RPT	2.3611	2.0000	2.6266	2.0000	-0.8482		2.3611	2.0000	2.6522	2.0000	-0.9254	
Audit Partner-Specific Variables												
EP_{Exp}	7.3145	7.0907	7.3629	6.1538	0.6725		7.3145	7.0907	6.8403	6.1538	0.9389	
RP_{Exp}	13.3626	12.7321	14.7608	13.9863	-1.2714		13.3626	12.7321	14.0491	12.9588	-0.7118	
$EP_{Ability}$	0.1389	0.0000	0.0747	0.0000	1.2974		0.1389	0.0000	0.0609	0.0000	1.5007	
$RP_{Ability}$	0.2778	0.0000	0.1577	0.0000	1.7710	*	0.2778	0.0000	0.2174	0.0000	0.7438	
Gender	0.1944	0.0000	0.2199	0.0000	-0.3439		0.1944	0.0000	0.2174	0.0000	-0.2900	
Audit Firm-Specific Variables												
Big4	0.6389	1.0000	0.6680	1.0000	-0.3436		0.6389	1.0000	0.5826	1.0000	0.5960	
IndExp	0.3227	0.1852	0.2414	0.0600	1.1394		0.3227	0.1852	0.2578	0.0620	0.9096	
Office	14.5109	14.1801	14.6321	14.9807	-0.2398		14.5109	14.1801	13.8709	13.9099	0.9323	
Client-Specific Variables												
Age	2.8458	2.6736	2.9843	2.7081	-0.4966		2.8458	2.6736	2.8106	2.6391	0.3168	
Size	11.5889	11.3117	11.6137	11.4011	-0.4885		11.5889	11.3117	11.0538	10.9506	0.9804	
OCF	-0.0791	-0.0363	0.0058	0.0200	-3.1729	***	-0.0791	-0.0363	-0.1227	-0.0788	2.4083	**
Lev	0.3207	0.2681	0.2256	0.1636	2.3796	**	0.3207	0.2681	0.2275	0.1652	2.3868	**
pBank2	-0.9738	-1.1609	-2.6444	-3.0101	5.8652	***	-0.9738	-1.1609	-1.9773	-2.5265	3.9980	***
MB	2.0103	1.0884	1.8670	1.2826	-0.7049		2.0103	1.0884	2.1709	1.2661	-0.7118	
AudCom	0.3889	0.0000	0.4149	0.0000	-0.2944		0.3889	0.0000	0.3652	0.0000	0.2531	
Lag	4.6805	4.7185	4.4251	4.3694	3.5661	***	4.6805	4.7185	4.4890	4.4427	2.3170	**
Busy	0.7778	1.0000	0.8382	1.0000	-0.8972		0.7778	1.0000	0.8696	1.0000	-1.3296	

*,**,*** *Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*
a *Tests for mean differences are based on the Wilcoxon rank sum test.*

Table 9

Spearman Correlation Matrix for GCO Analysis

	FT	*EPT*	*RPT*	EP_{Exp}	RP_{Exp}	$EP_{Ability}$	$RP_{Ability}$	*Gender*	*Big4*	*IndExp*	*Office*
FT	**1.0000**	0.4834***	0.4095***	-0.0359	-0.0462	0.0122	0.0696	-0.0374	-0.0107	-0.0419	0.0974
EPT	0.3818***	**1.0000**	0.4593***	0.3238***	0.0988	0.0495	0.1322	-0.1029	-0.1682**	0.0581	-0.0116
RPT	0.4271***	0.4649***	**1.0000**	0.0667	0.1726**	0.1075	0.0222	0.0493	-0.0252	0.0798	0.0067
EP_{Exp}	-0.0012	0.3020***	0.1358**	**1.0000**	0.0826	-0.1177	0.1815**	0.0167	-0.2395***	0.1310	-0.2163***
RP_{Exp}	0.0208	0.0851	0.1756***	0.0473	**1.0000**	0.1331	-0.1701**	-0.0147	0.0452	-0.0205	0.0404
$EP_{Ability}$	-0.0148	0.0116	0.0743	-0.0467	0.1193**	**1.0000**	-0.1034	-0.0925	0.1421*	-0.0253	0.1466*
$RP_{Ability}$	0.0862	0.0720	0.0601	0.2148***	-0.1045*	-0.0686	**1.0000**	-0.0928	-0.1875**	0.0276	0.0906
Gender	-0.0257	-0.0403	0.0133	0.0433	-0.0870	-0.0629	-0.0787	**1.0000**	-0.0354	0.0616	-0.0283
Big4	0.0313	-0.0082	0.0246	-0.1326**	0.0481	0.1308**	-0.1188**	0.0212	**1.0000**	-0.4598***	0.6406***
IndExp	-0.0266	0.0157	0.0215	0.2247***	0.0514	0.0431	0.0158	0.0104	-0.3643***	**1.0000**	-0.3577***
Office	0.0819	-0.0131	-0.0212	-0.0776	0.0521	0.1107*	-0.0058	0.0981	0.6568***	-0.2156***	**1.0000**
Age	0.1929***	0.0821	-0.0015	0.0545	0.0282	0.1132*	0.0505	-0.0778	-0.0012	0.0191	0.0460
Size	0.1197**	-0.0079	-0.0048	-0.0361	0.0975	0.0764	0.0148	-0.0454	0.4409***	0.0863	0.5668***
OCF	-0.0180	-0.0918	-0.0919	0.0314	-0.0123	0.0476	-0.0250	-0.0658	0.1566***	0.1477**	0.2210***
Lev	-0.0568	0.1037*	-0.0794	0.1005*	0.0520	0.0620	0.1068*	-0.0067	0.0737	-0.0412	0.1559***
pBank	-0.0401	0.1483**	-0.0672	0.0965	0.0323	0.0191	0.0975	0.0190	0.0523	-0.0966	0.0053
MB	0.0106	-0.1074*	0.0004	-0.0007	-0.1262**	-0.1134*	-0.0163	-0.0132	0.0257	-0.1111*	0.0224
AC	0.1545**	0.0158	0.1174*	-0.0763	0.0770	0.0674	-0.0146	0.0055	0.3615***	-0.0303	0.3721***
Lag	-0.2012***	-0.0081	-0.0667	0.0170	0.0234	0.0318	-0.0572	-0.0420	-0.2427***	-0.0547	-0.3215***
Busy	-0.0413	-0.0686	0.0276	-0.0611	-0.0500	0.1012*	0.1307**	0.1443**	0.0249	0.0144	-0.0743

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The Spearman correlation coefficients for the Distressed Sample A are shown below the diagonal, while the Spearman correlation coefficients for the Distressed Sample B are shown above the diagonal.

Table 9 continued

	Age	*Size*	*OCF*	*Lev*	*pBank*	*MB*	*AC*	*Lag*	*Busy*
FT	0.2123***	0.0820	0.0257	-0.0069	0.0373	0.0397	0.1913**	-0.2083**	-0.1276
EPT	0.2139***	-0.0445	-0.0179	0.1194	0.0922	-0.0144	-0.0767	-0.0165	-0.0967
RPT	0.0921	0.1053	0.0051	0.0196	-0.0601	-0.0029	0.1764**	-0.0294	-0.0892
EP_{Exp}	-0.0533	-0.1545*	-0.0460	0.0628	0.1668**	-0.0417	-0.1871**	0.0975	-0.0455
RP_{Exp}	-0.0300	0.0500	0.0196	-0.0224	0.0183	-0.0473	0.0173	0.0324	-0.0370
$EP_{Ability}$	0.0714	0.2090**	0.1607**	0.1405*	0.0180	-0.1798**	0.0786	0.0632	0.0564
$RP_{Ability}$	-0.0512	-0.0149	-0.0380	0.1032	0.1050	0.0839	-0.1293	-0.0185	0.1892**
Gender	-0.1261	-0.1175	-0.0972	0.0822	0.1413*	-0.0736	0.0044	-0.0210	0.0394
Big4	-0.0276	0.4449***	0.0282	0.0381	0.0251	-0.0290	0.3247***	-0.2307***	-0.0861
IndExp	-0.0302	0.0438	0.2797***	-0.0768	-0.1666**	-0.1165	-0.0843	0.0959	-0.0354
Office	0.0675	0.5353***	0.1607**	0.1822**	-0.0110	-0.0683	0.2831***	-0.2018**	-0.1332
Age	**1.0000**	-0.0045	0.1542*	0.0345	-0.0334	-0.0056	-0.0535	0.1642**	-0.0218
Size	0.0640	**1.0000**	0.3709***	0.1660**	-0.1542*	-0.0927	0.4196***	-0.3148***	-0.1057
OCF	0.0136	0.3194***	**1.0000**	0.1472*	-0.0949	-0.1429*	0.1077	0.0930	-0.0926
Lev	-0.0081	0.2952***	0.0854	**1.0000**	0.6592***	-0.2523***	0.1755**	0.1791**	0.0558
pBank	-0.0796	0.0410	-0.2615***	0.7469***	**1.0000**	-0.2040**	0.0554	0.2272***	0.1273
MB	-0.0528	-0.0029	0.0130	-0.1417**	-0.1714***	**1.0000**	-0.1121	-0.0496	0.0146
AC	-0.0266	0.4966***	0.1089*	0.1845***	0.0970	-0.0683	**1.0000**	-0.4236***	-0.1324
Lag	0.0697	-0.4595***	-0.1673***	0.0669	0.1906***	-0.0700	-0.3629***	**1.0000**	-0.0015
Busy	-0.0831	-0.1301**	0.0059	-0.0592	-0.0054	-0.0275	-0.0910	0.1380**	**1.0000**

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The Spearman correlation coefficients for the Distressed Sample A are shown below the diagonal, while the Spearman correlation coefficients for the Distressed Sample B are shown above the diagonal.

5.1.4 Multivariate Analysis

Univariate results suggest that audit firm tenure, engagement partner tenure and review partner tenure are not associated with the propensity of issuing a GCO. The results, however, do not control for other factors that might influence the propensity of issuing a GCO. To ensure that audit firm tenure, engagement partner tenure and review partner do not proxy for one or more of these factors, I perform a multivariate analysis.

5.1.4.1 Analysis at Audit Firm Level

Table 10 shows the results of the regression used to test the relation between audit firm tenure and the propensity of issuing a GCO.

Table 10

Results from the Regression of *GCO* on Audit Firm Tenure and Control Variables

$$GCO = \beta_0 + \beta_1 \mathbf{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag + \beta_{13} Busy + Year\ Dummies + \varepsilon$$

		Model A			Model B		
Variable	**Exp. Sign**	**Coeff.**	**Wald**		**Coeff.**	**Wald**	
Test Variable							
FT	+/-	-0.1219	2.0828		-0.1049	1.4257	
Audit Firm-Specific Variables							
Big4	+	-0.1558	0.0574		-0.0747	0.0098	
IndExp	+	1.8252	4.9635	**	1.5275	2.9681	*
Office	+	0.0793	0.3132		0.1538	1.3515	
Client-Specific Variables							
Age	-	-0.1474	0.5473		-0.0877	0.1240	
Size	-	0.5006	7.1262	***	0.3811	3.1843	*
OCF	+/-	-3.3761	3.1625	*	1.6821	0.2349	
Lev	+	-4.4917	9.7609	***	-3.3454	5.6585	**
pBank	+	0.8200	21.7920	***	0.7235	15.7039	***
MB	+	0.0977	0.5524		0.0902	1.0057	
AC	+	0.1646	0.0769		0.4145	0.4206	
Lag	+	1.5962	11.2594	***	1.3965	4.5229	**
Busy	+/-	-0.6721	1.3830		-0.6256	0.7417	
Intercept		-12.3548	12.6484	***	-11.4569	6.4309	**
Nagelkerke R^2		0.4406			0.3840		
Number of Obs.		277			151		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The first column presents the results using the "*Distressed Sample A*" (Model A) and the second column presents the results using the "*Distressed Sample B*" (Model B).[631] The Hosmer-Lemeshow test indicates good fits for Model A (χ^2 = 6.6078 and p = 0.5795) and Model B (χ^2 = 8.6737 and p = 0.3706). The Nagelkerke R^2 is 0.4406 and 0.3840, respectively, which is comparable to the explanatory power reported in prior studies.[632] Consistent with the results of the univariate results, the variables *Big4* and *Office* are insignificant in Model A and B. The coefficient on the variable *IndExp* is (marginally) significant and has a positive sign in both models (Model A: p =0.0259, Model B: p = 0.0849). These results provide evidence that audit firms with higher levels of industry expertise are more likely to issue a GCO, and that audit firm size and audit office size are not significant predictors of the propensity of issuing a GCO. The results from the set of variables controlling for client-specific characteristics show that larger clients,[633] clients with lower levels of leverage, higher bankruptcy scores, and clients with larger reporting lags are more likely to receive a GCO.[634] Furthermore, there is weak evidence in Model A that clients with lower levels of operating cash flow are more likely to receive a GCO. With regard to the test variable, the coefficient on *FT* is in both models negative and insignificant. Since the tenure effect may be more pronounced in the initial or later periods of audit firm tenure, i.e. there is a non-monotonic relationship between audit firm tenure and the propensity of issuing a GCO, I estimate equation (14) by replacing

---

631 To conserve space, I do not report the results for the year dummies The year dummies for the fiscal years 2008 and 2009 are insignificant. Cf. Appendix 1.

632 Cf. *Louwers* (1998), p. 153; *Geiger/Raghunandan* (2002a), p. 74; *Ratzinger-Sakel* (2013), pp. 147 ff.

633 The sign of the control variable *Size* is contrary to my expectation positive. A possible explanation is that larger clients are under greater public scrutiny and that auditors of larger clients that do not address issues related to the clients' ability to continue as a going-concern face greater litigation and reputational damages in case of subsequent business failure. Therefore, auditors might be more prone to issue a GCO for larger clients as a protection from greater litigation risks and reputational damages.

634 What is somewhat striking is that lower levels of leverage are in both models associated with a higher propensity of issuing a GCO. A possible explanation might be that higher levels of leverage are due to lenders providing further loans, which enhances liquidity. The fact that these clients, albeit financial distress, succeed in securing loans might result in more positive outlooks, whereas financial distressed clients that are not able to attain further loans have more negative outlooks.

the continuous variable *FT* with the dummy variables FT_{Short} or FT_{Long} (→ 4.2.1). Table 11 presents the results.[635]

Table 11

Results from Regressions of *GCO* on Dummy Variables for Short or Long Audit Firm Tenure and Control Variables

$$GCO = \beta_0 + \beta_1 \mathbf{FT_{Short}/FT_{Long}} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag + \beta_{13} Busy + Year\ Dummies + \varepsilon$$

Variable	Exp. Sign	Model A Coeff. (Wald)		Model B Coeff. (Wald)	
FT_{Short} = 1 if $FT \leq 3$					
FT_{Short}	+/-	0.6132 (1.0969)		0.4004 (0.5684)	
Nagelkerke R^2		0.4372		0.3790	
Number of Obs.		277		151	
FT_{Long} = 1 if $FT \geq 11$					
FT_{Long}	+/-	-2.4607 (8.2159)	***	-1.6184 (3.1498)	*
Nagelkerke R^2		0.4445		0.3830	
Number of Obs.		277		151	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

In both models, the coefficient on FT_{Short} is positive and insignificant. The variable FT_{Long}, is negative and highly significant in Model A (p = 0.0042) and marginally significant in Model B (p = 0.0759).[636] To add more confidence to the reported results, I also use alternative cut-off point to define short and long audit firm tenure. The variable FT_{Short2} equals 1 if $FT \leq 2$, and 0 otherwise. The coefficient on FT_{Short2} remains insignificant. With regard to long audit firm tenure, I use various cut-off points ($FT_{Long7/8/9/10}$ if $FT \geq 7/9/8/10 = 1$, and 0 otherwise). The coefficient on FT_{Long10} is negative and significant in Model A (coeff. = -2.1713, p = 0.0140) and highly significant in Model B (coeff = -2.1648, p = 0.0094). The coefficient on FT_{Long9} is negative and marginally significant in Model B only (coeff. = -1.4631,

635 I do not report the results for the remaining variables since they remain qualitatively unchanged. Cf. Appendices 2-3.

636 I also run equation (14) by including FT_{Short} and FT_{Long} into the equation to test a possible U-shaped form. The presence of a U-shaped form indicates that audit quality is lower in the initial and later periods of audit firm tenure, i.e. FT_{Short} and FT_{Long} are both significantly negative. The results of the regression, however, do not indicate the presence of a U-shaped form. Cf. Appendix 4.

p = 0.0612). The coefficients on FT_{Long8} and FT_{Long7} do not significantly differ from zero in both models. Therefore, the coefficients on the variables measuring extended audit firm tenure become insignificant as the cut-off point to define long audit firm tenure decreases.[637] Although the findings of FT_{Long} and FT_{Long10} strongly suggest that the propensity of issuing a GCO is lower in the later periods of the audit firm tenure, the relatively small number of observations where $FT \geq 11$ (20 observations in Model A and 8 observations in Model B) and $FT \geq 10$ (34 observations in Model A and 7 observations in Model B) limit the validity of the reported results. Thus, there is at best limited evidence that the propensity of issuing a GCO is lower in the later periods of audit firm tenure.

Sensitivity Analyses

To add further robustness to the reported results, I perform sensitivity analyses. I estimate equation (14) by excluding all observations where $FT = 1$ to reduce the risk that the results are confounded by companies switching audit firms to avoid receiving a GCO ("opinion shopping").[638,639] The results are similar to the results reported in the primary analysis.[640] As an alternative approach, I also estimate equation (14) by excluding observations of clients that "frequently" switch audit firms.[641] The results are again similar to the results reported in the primary analysis.[642] Together, the results of the sensitivity analyses suggest a low probability that potential "opinion shopping" may have confounded the results of the primary analysis.

---

637 For a complete overview of the results, see Appendices 5-9.

638 Cf. *Lennox* (2000), pp. 322 f.; *Lu* (2006), p. 562. In statistical terms, omitting the first observation of a client tests for possible endogeneity issues. Cf. *Chen et al.* (2008), pp. 432 f.

639 The sample size is reduced to 233 observations in Model A (from 277 observations) and to 130 observations in Model B (from 151 observations). The number of GCOs is reduced to 30 observations (from 36 observations).

640 Cf. Appendices 10-17.

641 A company is classified as a frequent switcher if having switched audit firms at least two times during the sample period. The sample size is reduced to 237 observations in Model A (from 277 observations) and to 129 observations in Model B (from 151 observations). The number of GCOs is reduced to 31 observations (from 36 observations).

642 Cf. Appendices 18-25.

Overall, the results of the primary and sensitivity analyses provide at best limited evidence that the propensity of issuing a GCO is lower in the later periods of audit firm tenure, thus the hypothesis that audit firm tenure is associated with audit quality (Hypothesis H1) cannot be supported.

Moderator Analyses

There is good reason to believe that the effect of audit firm tenure plays out differently for differing audit firm-specific traits. To investigate this issue, I estimate equation (14) with different interaction terms. It is argued that bigger audit firms have more opportunities to build up auditing and industry expertise than smaller audit firms. Therefore, bigger audit firms can build up client-specific knowledge at a faster pace.[643] Furthermore, bigger audit firms have higher total collaterals, which are assumed to provide additional incentives not to succumb to clients' wishes (→ 2.2.2.1, 2.2.2.2). To examine whether the size of the audit firm moderates the effect of audit firm tenure, I include the interaction term *FT*Big4* into equation (14). The coefficient on *FT*Big4* is insignificant in both models, which suggests that the effect of audit firm tenure is not contingent on the size of the audit firm.[644]

I also examine whether the effect of audit firm tenure differs across differing levels of industry expertise and audit office sizes. Industry experts are argued to begin audit engagements with a superior knowledge base of the industry. This facilitates the understanding of clients in that industry, and also allows industry experts to build up more high quality knowledge over time and at a faster pace than non-industry specialists.[645] Larger audit offices may have faster learning curves due to more in-house expertise (→ 4.2.2.1).[646] To examine whether the effect of audit firm tenure differs across differing levels of industry expertise and audit office sizes, the continuous variables *IndExp* and *Office* are dichotomized using their median values. The variables $IndExp_D$/*Of-*

643 Cf. *Chi/Huang* (2005), p. 69.
644 The coefficient on *FT*Big4* equals to -0.2540 (p = 0.1165) in Model A and to -0.2217 (p = 0.2751) in Model B.
645 Cf. *Lim/Tan* (2010), pp. 929 f.
646 Cf. *Francis/Yu* (2009), p. 1523.

fice$_D$ take the value 1 if *IndExp*/*Office* > median (*IndExp*/*Office*), and 0 otherwise. I include the interaction term *FT*IndExp*$_D$ into equation (14) to test a moderating effect of industry expertise. The coefficient on *FT*IndExp*$_D$ is only in Model B positive and marginally significant (coeff. = 0.3878, p = 0.0538).[647] The finding of Model B provides weak evidence that audit firms with higher levels of industry expertise are with ongoing tenure more likely to issue a GCO compared to audit firms with lower levels of industry expertise. This result, however, does not hold for Model A. With regard to audit office size, I include the interaction term *FT*Office*$_D$ into equation (14). The coefficient on *FT*Office*$_D$ is in both models insignificant.[648] In sum, these results do not provide convincing evidence that audit firm tenure plays out differently for different levels of industry expertise and different audit office sizes.

I further test whether client size has a moderating effect on audit firm tenure. Larger clients are generally more complex, which requires more audit effort and expertise to conduct an effective audit.[649] Therefore, audit firm tenure may play out differently for different client sizes. Analogously to the analysis of industry expertise and audit office size, the continuous variable *Size* is dichotomized at its median. The coefficient on *FT*Size*$_D$ is in both models insignificant, which suggests that the effect audit firm tenure does not significantly differ across different client sizes.[650]

5.1.4.2 Analysis at Audit Partner Level

Table 12 shows the results of the regression used to test the relation between engagement and review partner tenure and the propensity of issuing a GCO.[651]

---

647 The coefficient on *FT*IndExp*$_D$ equals to 0.2497 (p = 0.1101) in Model A.

648 The coefficient on *FT*Office*$_D$ equals to -0.1761 (p = 0.2360) in Model A and to -0.1564 (p = 0.3876) in Model B.

649 Cf. *Litt et al.* (2014), p. 74.

650 The coefficient on *FT*Size*$_D$ equals to -0.1364 (p = 0.4039) in Model A and to -0.1361 (p = 0.5250) in Model B.

651 To conserve space, I do not report the results for the audit firm- and client-specific variables since they remain qualitatively unchanged. For a more detailed overview, see Appendix 26.

Table 12

Results from the Regression of *GCO* on Audit Partner Tenure and Control Variables

$$GCO = \beta_0 + \beta_1 \mathbf{EPT} + \beta_2 \mathbf{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} MB + \beta_{17} AC + \beta_{18} Lag + \beta_{19} Busy + Year\ Dummies + \varepsilon$$

		Model A			Model B	
Variable	**Exp. Sign**	**Coeff.**	**Wald**		**Coeff.**	**Wald**
Test Variables						
EPT	+/-	0.1467	0.8516		0.0597	0.0850
RPT	+/-	-0.2055	1.4546		-0.1644	0.7273
Audit Partner-Specific Variables						
EP_{Exp}	+	-0.0824	3.3738	*	0.0682	1.0559
RP_{Exp}	+	-0.0449	1.7117		-0.0351	0.6576
$EP_{Ability}$	+	1.3122	3.3691	*	0.3869	0.2140
$RP_{Ability}$	+	1.4186	4.6870	**	0.5564	0.6322
Gender	+/-	0.2257	0.1166		0.0889	0.0153
Nagelkerke R^2		0.4808			0.3992	
Number of Obs.		277			151	

*, **, *** *Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The Hosmer-Lemeshow test indicates a good fit for Model A (χ^2 = 1.8287 and p = 0.9858), but a lack of fit for Model B (χ^2 = 15.0843 and p = 0.0575).[652] The Nagelkerke R^2 amounts in Model A to 0.4808 and in Model B to 0.3992.[653] Contrary to the results of the univariate analysis, I find evidence that audit partner-specific traits are significant predictors of the propensity of issuing a GCO. There is weak evidence in Model A that a GCO is more likely to be issued when the engagement partner's work experience is lower (p = 0.0662). Furthermore, there is evidence that engagement and review partners that carry an academic title are more likely to issue a GCO (p = 0.0664 and p = 0.0304, respectively). But these results are sensitive to the classification scheme used to identify financially distressed clients and do not

652 The significant test statistic is likely to be caused by the relatively small sample size in Model B. The Hosmer-Lemeshow test groups observations based on the values of the estimated probabilities. Then a Pearson Chi-square statistic is calculated based on the observed and estimated expected frequencies in each of the groups. The power of the test therefore decreases with decreasing sample size. Cf. *Carcello/Nagy* (2004), p. 64; *Hosmer et al.* (2013), pp. 157 ff.

653 *Carey/Simnett* (2006) report an explanatory power of 0.3580. Cf. *Carey/Simnett* (2006), p. 662.

hold for Model B.[654] With regard to the test variables, the coefficient on *EPT* is positive, whereas the sign of the coefficient on *RPT* is negative. The coefficient on both variables, however, do not significantly differ from zero. As at audit firm level, the effect of audit partner tenure may be more pronounced in the initial or later periods of audit partner tenure. Therefore, I estimate equation (15) by replacing the continuous variables *EPT* and *RPT* with the dummy variables EPT_{Short} and RPT_{Short} or EPT_{Long} and RPT_{Long} (→ 4.2.1). Table 13 presents an overview of the findings testing a non-monotonic relationship.[655]

Table 13

Results from Regressions of *GCO* on Dummy Variables for Short or Long Audit Partner Tenure and Control Variables

$$GCO = \beta_0 + \beta_1 \mathbf{EPT_{Short}/EPT_{Long}} + \beta_2 \mathbf{RPT_{Short}/RPT_{Long}} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} MB + \beta_{17} AC + \beta_{18} Lag + \beta_{19} Busy + Year\ Dummies + \varepsilon$$

Variable	Exp. Sign	Model A Coeff. (Wald)	Model B Coeff. (Wald)
EPT_{Short}/RPT_{Short} = 1 if $EPT/RPT \leq 3$			
EPT_{Short}	+/-	-0.3612 (0.3341)	0.0605 (0.0054)
RPT_{Short}	+/-	0.7272 (1.5709)	0.7681 (0.8751)
Nagelkerke R^2		0.4796	0.4053
Number of Obs.		277	151
EPT_{Long}/RPT_{Long} = 1 if $EPT/RPT \geq 6$			
EPT_{Long}	+/-	0.3655 (0.2612)	0.3248 (0.1151)
RPT_{Long}	+/-	0.5216 (0.4789)	0.6309 (0.3758)
Nagelkerke R^2		0.4766	0.3989
Number of Obs.		277	151

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests*

654 The difference in the results for the variable $RP_{Ability}$ may be due to the more strict classification scheme in Model B to identify financially distressed clients. Audit partners with (perceived) superior audit task performance, i.e. carrying an academic title, might be systematically assigned to audit engagements that are perceived as risky. The more strict classification scheme to identify financially distressed clients in Model B might therefore render the coefficient on $RP_{Ability}$ insignificant due to clients being more homogeneous with regard to the financial situation.

655 The results with regard to the control variables remain qualitatively unchanged. Cf. Appendices 27-28.

The coefficients on the test variables are insignificant in Model A and B.[656] I also estimate equation (15) with alternative cut-off points for short and long engagement and review partner tenure to add more confidence in the reported results. The variables EPT_{Short2} and RPT_{Short2} take the value 1 if $EPT/RPT \leq 2$, and 0 otherwise. The variables EPT_{Long5} and RPT_{Long5} take the value 1 if $EPT/RPT \geq 5$, and 0 otherwise. The results using the alternative cut-off points point into the same direction.[657] Together, these findings corroborate the reported results of the univariate analysis and do not provide evidence that engagement and review partner tenure are not associated with the propensity of issuing a GCO.

Sensitivity Analyses

I run several robustness checks to strengthen the above reported results. First, I exclude all observations where $EPT = 1$ and $RPT = 1$ to reduce the risk that the results are confounded by clients forcing a switch of the engagement and/or review partner to avoid receiving a GCO.[658,659] The results are similar to the results reported in the primary analysis, and suggest a low likelihood that the results of the primary analysis are confounded by potential "opinion shopping" at audit partner level.[660] Second, I exclude observations where audit firm tenure is classified as short ($FT \leq 3$).[661,662] These observations are excluded since audit firm tenure and engagement and/or review partner tenure are perfectly correlated in the initial audit. They remain perfectly correlated

---

656 I also estimate equation (15) by including EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long} to test a possible U-shaped form. The results do not indicate the presence of a U-shaped form. Cf. Appendix 29.

657 The coefficient on RPT_{Long5} becomes marginally significant in Model A only. For a complete overview of the results, see Appendices 30-31.

658 Cf. *McCracken et al.* (2008), p. 375.

659 The sample size is reduced to 154 observations in Model A (from 277 observations) and to 87 observation in Model B (from 151 observations). The number of GCOs is reduced to 21 observations (from 36 observations).

660 Cf. Appendices 32-36.

661 Excluding observations with $FT \leq 3$ removes a great part of the correlation in the sample. The Spearman correlation of *FT* and *EPT* drops in Model A (Model B) from 0.3818 to -0.0803 (from 0.4095 to -0.0453). The correlation between *FT* and *RPT* drops in Model A (Model B) from 0.4271 to -0.0515 (from 0.4095 to -0.0379).

662 The sample size is reduced to 161 observations in Model A (from 277 observations) and to 86 observations in Model B (from 151 observations). The number of GCOs is reduced to 19 observations (from 36 observations).

as long as the audit firm and the engagement and/or review partner do not change. Short audit firm tenure could therefore coincide with short engagement and/or review partner tenure.[663] Possible lower audit quality due to short audit firm tenure could be attributed to short engagement and/or review partner tenure. The results are similar to the results reported in the primary analysis.[664] And third, I estimate equation (15) by measuring audit partner tenure as the consecutive signatures that the client has retained the same two audit partners (→ 4.2.1).[665] The coefficients on the variables *Team*, $Team_{Short}$ ($Team_{Short}$ = 1 if *Team* ≤ 3, and 0 otherwise), and $Team_{Long}$ ($Team_{Long}$ = 1 if *Team* ≥ 6, and 0 otherwise) are insignificant. Using different cut-off points for short and long audit partner team tenure does not yield differing results ($Team_{Short2}$ = 1 if *Team* ≤ 2, and 0 otherwise*;* $Team_{Long5}$ if *Team* ≥ 5, and 0 otherwise).[666]

Overall, the results of the primary and sensitivity analyses do not provide evidence that engagement and review partner tenure are associated with the propensity of issuing a GCO. Thus, Hypotheses H2a and H2b cannot be supported.

Moderator Analyses

Analogously to the moderator analysis at audit firm level, I examine whether the effect of engagement and review partner tenure differs across different audit firm-specific characteristics and different client sizes. The results are consistent with the results at audit firm level and suggest that audit firm-specific traits and client size do not have moderating effects on the engagement and review partner tenure. I also examine whether the level of work experience has a moderating effect. The continuous variables EP_{Exp} and RP_{Exp} are dichotomized using their median values. EP_{ExpD}/RP_{ExpD} take the value 1 if

---

663 Cf. *Litt et al.* (2014), p. 79.

664 Cf. Appendices 37-41.

665 Since *Team* is determined jointly by the engagement and review partner tenure, the audit partner-specific variables are coded with a team approach as well. The audit partner team's work experience is the sum of the work experience of the engagement and review partner. With regard to the proxy measuring the ability of the audit partner, the team ability takes the value 1 if the engagement and/or review partner carry an academic title, and 0 otherwise.

666 Cf. Appendices 42-46.

EP_{Exp}/RP_{Exp} > median (EP_{Exp}/RP_{Exp}), and 0 otherwise. The interaction terms $EPT*EP_{ExpD}$ and $RPT*RP_{ExpD}$ are insignificant in both models, which indicates that the effect of engagement and review partner tenure is not contingent on the level of work experience.[667]

Interaction of Engagement and Review Partner Tenure

The effect of the engagement and review partner tenure on the propensity of issuing a GCO may not be completely additive as suggested in equation (15). The effect of engagement partner tenure may differ at various points of review partner tenure (and vice versa). A newly incoming audit partner might bring in a "fresh" look into the engagement, whereas the audit partner with the longer tenure could function as a knowledge basis for the new audit partner. The loss of client-specific knowledge associated with a rotation could be mitigated. In addition, a newly incoming audit partner might be more independent since an early dismissal is "less" costly. The new audit partner might also restrain the (conscious or subconscious) self-serving bias of an audit partner whose independence has been impaired due to an extended relationship with the client to a greater extent. Possible negative effects of short and long audit partner tenure might be moderated due to an asymmetrical progression of engagement and review partner tenure.[668] The above-presented arguments therefore establish the presence of an interaction effect between engagement and review partner tenure. To test the presence of an interaction effect, I extend equation (15) by including the interaction term *EPT*RPT*. The coefficient on *EPT*RPT* is negative and insignificant (Model A: coeff. = -0.0506,

667 Cf. Appendix 47.

668 Concurrent extended tenure of the engagement and review partner may exacerbate possible threats to independence. However, in institutional settings where client-specific quasi-rents are limited due to a mandatory audit partner rotation rule, concurrent extended tenure of the engagement and review partner may also lead to a higher level of independence.

p = 0.5988, Model B: coeff. = -0.0015, p = 0.9894). Thus, the effect of engagement partner tenure is not contingent on the length of review partner tenure (and vice versa).

5.1.4.3 Joint Analysis

Table 14 shows the results of the regressions used to test the relation between audit firm tenure and the propensity of issuing a GCO after controlling for engagement and review partner tenure.[669]

Table 14

Results from the Regressions of *GCO* on Audit Firm and Audit Partner Tenure and Control Variables

$$GCO = \beta_0 + \beta_1 \boldsymbol{FT/FT_{Short}/FT_{Long}} + \beta_2 \boldsymbol{EPT/EPT_{Short}/EPT_{Long}} + \beta_3 \boldsymbol{RPT/RPT_{Short}/RPT_{Long}} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} OCF + \beta_{15} Lev + \beta_{16} pBank + \beta_{17} MB + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + Year\ Dummies + \varepsilon$$

		Model A			Model B		
Variable	**Exp. Sign**	**Coeff.**	**Wald**		**Coeff.**	**Wald**	
Continuous Approach							
FT	+/-	-0.2018	3.5088	*	-0.1316	1.4055	
EPT	+/-	0.2886	2.1780		0.1381	0.3348	
RPT	+/-	-0.1389	0.5275		-0.1080	0.2875	
Nagelkerke R^2		0.5008			0.4106		
Number of Obs.		277			151		
Dummy Approach: Short							
FT_{Short}	+/-	0.9108	1.4964		0.1960	0.0692	
EPT_{Short}	+/-	-0.7631	1.0444		-0.0167	0.0003	
RPT_{Short}	+/-	0.4304	0.4549		0.6742	0.5819	
Nagelkerke R^2		0.4896			0.4060		
Number of Obs.		277			151		
Dummy Approach: Long							
FT_{Long}	+/-	-2.6503	8.8505	***	-2.0553	4.3843	**
EPT_{Long}	+/-	0.7431	1.1441		0.4947	0.2125	
RPT_{Long}	+/-	0.5436	0.5507		0.5174	0.2363	
Nagelkerke R^2		0.4926			0.4110		
Number of Obs.		277			151		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

669 To conserve space, I do not report the results of the audit firm-, audit partner-, and client-specific variables since they remain mostly unchanged. For a more detailed overview, see Appendices 48-50.

The Hosmer-Lemeshow test using the continuous approach indicates good model fits for Model A ($\chi^2 = 8.1257$, $p = 0.4213$) and Model B ($\chi^2 = 5.8621$, $p = 0.6627$).[670] The Nagelkerke R^2 is 0.5008 in Model A and 0.4106 in Model B. In both models, the coefficients on *FT* and *RPT* are negative, whereas the coefficient on *EPT* is positive. The test variables are with the exception of *FT* in Model A insignificant (*FT*: coeff. = -0.2018, p = 0.0610). The results testing a possible non-monotonic relationship are similar to the reported results at audit firm and audit partner level. Short audit firm, engagement and review partner tenure as well as long engagement and review partner tenure are not associated with the propensity of issuing a GCO. The variable FT_{Long} that measures extended audit firm tenure is significantly negative in both models (Model A: p = 0.0029; Model B: p = 0.0363). Estimating equation (16) with the alternative cut-off points does not yield differing results.[671] Therefore, there at best limited evidence that the propensity of issuing a GCO is lower in the later periods of audit firm tenure after controlling for engagement and review partner tenure. Furthermore, engagement and review partner tenure are not significant predictors of the propensity of issuing a GCO.

Sensitivity Analyses

To add more robustness to the reported results, I exclude all observations where *FT/EPT/RPT* = 1[672] and observations of companies that "frequently" switch audit firms[673] to minimize the risk that the results are confounded due to companies switching audit firms and/or engagement and review partners ("opinion shopping") to avoid receiving a GCO. The results are similar to the results reported in the primary analysis.[674] I also estimate equation (16) with the team approach to measure audit partner tenure. The results are again similar to the results reported in the analyses at audit firm and at audit partner

---

670 The test statistics of the Hosmer-Lemeshow test are in the dummy approach insignificant as well.

671 For a more detailed overview of the results, see Appendices 51-55.

672 The sample size is reduced to 154 observations in Model A (from 277 observations) and to 87 observations in Model B (from 151 observations). The number of GCOs is reduced to 21 observations (from 36 observations).

673 The sample size is reduced to 237 observations in Model A (from 277 observations) and to 129 observations in Model B (from 151 observations). The number of GCOs is reduced to 31 observations (from 36 observations).

674 Cf. Appendices 56-71.

level. [675] Overall, the results of the sensitivity analyses are consistent with the reported results of the primary analysis.

Further Analysis

The effect of the test variables *FT*, *EPT* and *RPT* on the propensity of issuing a GCO is assumed to be completely additive in equation (16). But there are good reasons to believe that the effect of engagement and review partner tenure is different at various points of audit firm tenure, i.e. the effect of audit firm tenure might interact with engagement and review partner tenure. Such an interaction effect could be explained by individual audit partners being subject to within audit firm pressure (→ 3.3). Audit firms as private profit-making companies have, amongst others, the objective to maximize profitability to guarantee economic survival.[676] At the same time, audit firms also strive to provide high quality audits.[677] Both objectives, however, are assumed to represent conflicting forces, with higher costs (i.e. lower profitability) being related to higher audit quality.[678] The audit firm environment is therefore ambivalent in the sense that conflicting signals (profit and quality maximization) are emitted to individuals within the audit firm.[679]

On the one hand, increasing competitive pressure for potential clients can translate into increasing profitability pressure.[680] Management control systems that are used to convey goals of the audit firm to individual audit partners (and staff members), and to ensure that the objectives of the audit firm are pursued by each individual within the audit firm may shift the focus towards profitability measures. Individuals that behave in a manner congruent with the profitability objective of the audit firm by generating audit fees or by acquiring/keeping clients may be rewarded with promotion, favorable career outlooks, or higher remuneration, whereas individuals that do not meet the objectives of the audit firm may be "punished" by poor evaluations ("up-or-

---

675 Cf. Appendices 72-79.
676 Cf. *McNair* (1991), pp. 637 f.
677 Cf. e.g. *ibid.*, p. 646.
678 Cf. *ibid.*, p. 638.
679 Cf. *ibid.*, pp. 644 ff.
680 Cf. *Bierstaker et al.* (2006), p. 18.

out" policy). Such arrangements can have effects on the individuals' actions.[681] Research documents that client retention is perceived as an important factor for the future career.[682] Furthermore, there is evidence that audit firm management attempts to match audit partners according to the client's preference. If the client expresses discontent with the audit partner's view on certain accounting issues, the audit partner is likely to be replaced.[683] *Öhman et al.* (2012) report that the level of client satisfaction decreases with increasing audit partner skepticism.[684] Hence, clients may be more likely to dismiss audit partners with higher levels of skepticism. Dissatisfaction on the side of clients may exert negative effects on the audit partners' career opportunities in the audit firm, which might make audit partners more likely to succumb to clients' wishes. On the other hand, audit firm policies that promote a culture that stresses the importance of the role of the audit in the public interest as well as regulatory safeguards (→ 2.3.3) may remind audit partners of the importance of high quality audits.[685]

The cost versus quality dilemma is exacerbated when interests of the audit firm and audit partner drift into opposite directions. It can be argued that such an environment is present when a mandatory rotation is required at audit partner but not at audit firm level. The magnitude of potential client-specific quasi-rents differs between the audit firm and the audit partner since the time horizon of the expected "inflow" of the quasi-rents diverge. Assuming that potential quasi-rents create threats to the independence of individual audit partner (and the audit firm),[686] imposing a mandatory audit partner rotation, which limits the client-specific quasi-rents might positively affect the audit partner's level of independence (→ 3.3).[687] Client-specific quasi-rents at audit firm level, however, are potentially unlimited. The audit firm might therefore have financial interests in keeping a client, and pressure the audit partner

---

681 Cf. *McNair* (1991), pp. 638 f.; *Bierstaker et al.* (2006), p. 18.
682 Cf. *Gibbins et al.* (2001), p. 556.
683 Cf. *McCracken et al.* (2008), p. 375.
684 Cf. *Öhman et al.* (2012), pp. 488 ff.
685 Cf. *IAASB* (2014), pp. 9, 42 ff.
686 Cf. *DeAngelo* (1981a), pp. 116 ff.; *DeAngelo* (1981b), pp. 188 ff.
687 As noted in section 3.3 "global career and financial interests" of the audit partner may countervail the intended positive effects of a mandatory audit partner rotation.

through governance arrangements by conditioning remuneration and/or career perspectives on retaining the client. In other words, potentially unlimited quasi-rents for the audit firm might lead to pressuring the audit partner to succumb to the client's demands. Research indicates that individual audit partners are susceptible to audit firm management controls that focus more on profitability measures. For example, *Trompeter* (1994) reports that audit partners with remunerations closely tied to client retention are less likely to require downward adjustments to clients' income.[688] *Chang/Hwang* (2003) find some evidence that high client retention incentives, i.e. remuneration and promotion that are contingent on maintaining a good relationship with the client, make audit partners more willing to accept aggressive reporting choices.[689] In Germany, the regulatory requirements with regard to auditor rotation are asynchronous. At audit partner level, the length of the individual audit partner-client relationship is limited, whereas such a requirement does not exists at audit firm level. Therefore, the German setting provides a unique opportunity to examine whether the effect of engagement and review partner tenure is contingent on the audit firm tenure.[690]

To investigate whether audit firm tenure moderates the effect of audit partner tenure, I run a three-way interaction analysis with the variables *FT*, *EPT* and *RPT*.[691] Table 15 shows the effect of increasing engagement and review partner tenure (*EPT***RPT*) on the propensity of issuing a GCO at various points of audit firm tenure.[692]

---

688 Cf. *Trompeter* (1994), pp. 56 ff.

689 Cf. *Chang/Hwang* (2003), pp. 207 ff.

690 A cooling-off period of two years exists, after which the audit partner can be re-engaged. The anticipation of a potential future re-engagement might therefore have a countervailing effect.

691 For a more in-depth description of three-way interactions, see *Aiken/West* (1993), pp. 49 ff.; *Jaccard/Turrisi* (2003), pp. 43 ff.

692 In Model B, there are no observations where $FT \geq 13$.

Table 15

Effect of Engagement and Review Partner Tenure on the Propensity of Issuing a GCO at Various Points of Audit Firm Tenure

	Model A			**Model B**		
	EPT*RPT			***EPT*RPT***		
FT	**Coeff.**	**Wald**		**Coeff.**	**Wald**	
1	0.3444	2.6420		1.0057	7.4348	***
2	0.2641	2.2157		0.8082	7.0465	***
3	0.1839	1.5856		0.6106	6.3246	**
4	0.1036	0.7456		0.4131	4.8979	**
5	0.0234	0.0510		0.2155	2.2836	
6	-0.0569	0.3145		0.0179	0.0208	
7	-0.1371	1.4367		-0.1796	1.5969	
8	-0.2174	2.4699		-0.3772	4.1157	**
9	-0.2976	3.1173	*	-0.5747	5.6419	**
10	-0.3779	3.4876	*	-0.7723	6.4724	**
11	-0.4581	3.7010	*	-0.9698	6.9483	***
12	-0.5384	3.8281	*	-1.1674	7.2408	***
13	-0.6186	3.9064	**	-	-	
14	-0.6988	3.9563	**	-	-	
15	-0.7791	3.9887	**	-	-	
16	-0.8593	4.0102	**	-	-	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The results show that increasing engagement and review partner tenure have a positive effect on the propensity of issuing a GCO and that the positive effect decreases with ongoing audit firm tenure. Whether the differences of the effect of engagement and review partner tenure at various points of audit firm tenure are significant is indicated by the three-way interaction term *FT*EPT*RPT*. The coefficient on *FT*EPT*RPT* is negative and significant in Model A (coeff. = -0.0802, p = 0.0462) and highly significant in Model B (coeff. = -0.1976, p = 0.0044). Thus, the differences of the effect of engagement and review partner tenure at various points of audit firm tenure are significant in both models. To my knowledge there is no theoretical framework investigating potential interaction effects of audit firm and audit partner tenure, but the findings can be interpreted as follows: Limited quasi-rents increase the level of independence of audit partners by increasing audit partners' propensity of issuing a GCO. Potentially unlimited quasi-rents at audit firm level, however, lead to the deterioration of audit quality, i.e. lower propensity of issuing a GCO, due to incentives in retaining clients. The interests

of the audit firm "trickle down" to individual audit partner level, which moderate the positive effect of increasing audit partner tenure on audit quality.[693]

Although the results of the primary and sensitivity analyses provide at best limited evidence for an association of audit firm tenure and audit quality (after controlling for engagement and review partner tenure), further analysis suggest that this finding is due to opposing effects of audit firm and audit partner tenure on the propensity of issuing a GCO. The three-way interaction term is negative and significant, which indicates that increasing audit firm tenure has a negative effect on the propensity of issuing a GCO by negatively affecting the audit partners' propensity of issuing a GCO. Thus, there is evidence that audit quality deteriorates with increasing audit firm tenure, which supports Hypothesis 3.

5.1.5 Summary of the Results

The above presented results provide at best limited evidence that extended audit firm tenure is associated with a lower propensity of issuing a GCO.[694] Hence, there is no convincing evidence that audit firm tenure is associated with audit quality. This finding is somewhat consistent with the results reported by *Louwers* (1998), *Francis/Yu* (2009) and *Boone et al.* (2010), who do not find an association between audit firm tenure and the propensity of issuing a GCO, and is inconsistent with the results reported in *Geiger/Raghunandan* (2002a) and *Jackson et al.* (2008), who report a positive association between audit firm tenure and the propensity of issuing a GCO (→ 3.2.1). At audit partner level, I do not find evidence of an association between engagement and review partner tenure and the propensity of issuing a GCO.[695] Thus, the results fail to provide evidence of an association

---

693 When excluding observations where *FT/EPT/RPT* = 1, the coefficients on the interaction term becomes insignificant (Model A: coeff. = 0.0358, p = 0.7343; Model B: coeff. = -0.1858, p = 0.4716). When excluding observations of clients that "frequently" switch audit firms, the coefficient on the interaction term approaches significance in Model A (coeff. = -0.0554, p = 0.1003) and is significant in Model B (coeff. = -0.1889, p = 0.0264).

694 For an overview of the results with regard to the test variables at audit firm level, see Appendix 80.

695 For an overview of the results with regard to the test variables at audit partner level, see Appendix 81.

between engagement and review partner tenure and audit quality. This finding is inconsistent with the results of *Carey/Simnett* (2006), who report a negative association between audit partner tenure and the propensity of issuing a GCO (→ 3.2.2). The inconsistent results might by due to differing institutional settings and/or methodological differences in the research design.[696] For example *Geiger/Raghunandan* (2002a) use a different classification scheme to identify financially distressed companies, whereas *Jackson et al.* (2008) do not restrict the analysis to financially distressed companies.[697] Furthermore, both studies use an U.S. sample, where litigation risks are assumed to be higher than in Germany.[698]

I also test whether the effects of audit firm tenure and audit partner tenure are contingent on different audit firm-specific traits (audit firm size, industry expertise and audit office size) and different client sizes. The results do not suggest that the effect of audit firm and audit partner tenure plays out differently for differing audit firm-specific traits and different client sizes. Furthermore, I do not find evidence that audit partner tenure plays out differently for differing levels of work experience.

The results of the effect of audit firm tenure on audit quality without controlling for the effect of audit partner tenure (and vice versa) may be subject to omitted variable bias.[699] Conclusions on whether to adopt or reject a mandatory audit firm rotation requirement would therefore be problematic. The results of the effect of audit firm tenure on the propensity of issuing a GCO after controlling for engagement and review partner tenure are similar to the results reported at audit firm and audit partner level.[700] Hence, there is no convincing evidence that audit firm tenure is associated with audit quality. Further analysis, however, shows an interaction effect between audit firm tenure and audit partner tenure. These results suggest that increasing engagement

---

696 Such differences also exists for the studies that yield consistent results. For example, *rancis/Yu* (2009) and *Boone et al.* (2010) only use clients of Big4 audit firms in their study. Cf. *Francis/Yu* (2009), p. 1521; *Boone et al.* (2010), p. 330.

697 Cf. *Geiger/Raghunandan* (2002a), p. 72; *Jackson et al.* (2008), pp. 426.

698 Cf. *LaPorta et al.* (2006), pp. 15 ff.; *Francis* (2011), p. 141.

699 Cf. *Bedard/Johnstone* (2010), p. 68.

700 For an overview of the results with regard to the test variables in the joint analysis, see Appendix 82.

and review partner tenure are associated with a higher propensity of issuing a GCO (possibly due to the effects of the mandatory rotation requirement in Germany) and that increasing audit firm tenure moderates the positive effect of increasing engagement and review partner tenure. Therefore, increasing audit firm tenure has detrimental effects on audit quality by negatively impacting audit quality at audit partner level. In sum, the results suggest that increasing audit firm tenure is associated with lower audit quality.

5.2 Analysis II: Restatements

5.2.1 Method and Model Specification

The second proxy commonly used in auditing research is the probability of issuing a restatement. Companies that have been found to have published financial statements containing material misstatements are forced to publicly disclose an error announcement (→ 2.3.3.2).[701] The incidences of restatements are hand-collected from the federal registry (*Bundesanzeiger*).[702] To test Hypotheses H1 to H3, the following logistic regressions are estimated.[703]

$$\begin{aligned} Restate = {} & \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size \\ & + \beta_7 Lev + \beta_8 pBank + \beta_9 Growth + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag \\ & + \beta_{13} Busy + \beta_j Year + \beta_k Industry + \varepsilon \end{aligned} \tag{17}$$

$$\begin{aligned} Restate = {} & \beta_0 + \beta_1 \boldsymbol{EPT} + \beta_2 \boldsymbol{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} \\ & + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp \\ & + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} Lev + \beta_{14} pBank \\ & + \beta_{15} Growth + \beta_{16} MB + \beta_{17} AC + \beta_{18} Lag + \beta_{19} Busy \\ & + \beta_j Year + \beta_k Industry + \varepsilon \end{aligned} \tag{18}$$

$$\begin{aligned} Restate = {} & \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 \boldsymbol{EPT} + \beta_3 \boldsymbol{RPT} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} \\ & + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp \\ & + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} Lev + \beta_{15} pBank \\ & + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + \beta_j Year \\ & + \beta_k Industry + \varepsilon \end{aligned} \tag{19}$$

---

701 Cf. sec. 37q II 1 WpHG.

702 https://www.bundesanzeiger.de/ebanzwww/wexsservlet (Last Accessed: February 28th, 2015)

703 Firm and year subscripts are omitted for brevity.

where:

Restate	=	Dummy variable coded 1 if financial statements are restated, and 0 otherwise;
Growth	=	Growth of the client defined as the rate of net sales over the previous year; and
Industry	=	Industry fixed-effects with the industry classification in accordance with *Frankel et al.* (2002).[704]

All other variables are as defined in equation (16). The dependent variable *Restate* is a dummy variable and is coded 1 if a restatement is issued, and 0 otherwise. The test variable for Hypothesis H1 is *FT* and measures the length of the audit firm tenure. The test variables for Hypotheses H2a and H2b are *EPT* and *RPT*, respectively and indicate the length of the engagement and review partner tenure. The primary test variable for Hypothesis H3 is *FT* after controlling for the effects of *EPT* and *RPT*.

The variables controlling for client-specific traits are based on prior literature. The age and size of the client are included since more mature and larger clients are expected to have more sophisticated financial reporting systems. The variables *Age* and *Size* are therefore expected to be negatively correlated with the dependent variable *Restate*.[705] Furthermore, including the variable *Age* reduces the risk that observed effects of the test variables are due to the correlation with the age of the client.[706] The leverage and the Zmijewski-score control for the client's financial situation. Clients in severe financial distress might have more incentives to manipulate earnings and might also have fewer resources to dedicate to high quality financial reporting. The variables *Lev* and *pBank* are therefore expected to be positively correlated with the dependent variable *Restate*.[707] The growth rate in sales and the market-to-book ratio both control for the client's growth. Rapidly growing clients might face greater pressure to maintain high growth rates, which might increase the probability to manipulate earnings in order to maintain the appearance of high

---

704 Cf. *Frankel et al.* (2002), p. 78.
705 Cf. *Johnson et al.* (2002), p. 647; *Blankley et al.* (2014), p. 35.
706 The age of the company is likely to be correlated with audit firm tenure. Cf. *Stanley/DeZoort* (2007), p. 140.
707 Cf. *Summers/Sweeney* (1998), pp. 140 ff.; *Stanley/DeZoort* (2007), p. 140; *Chin/Chi* (2009), p. 738; *Ettredge et al.* (2010), p. 338.

growth rates.[708] Clients with high growth rates might also "outgrow" their accounting and control systems, which could increase the probability of misstatements.[709] Therefore, the variables *Growth* and *MB* are expected to be positively correlated with the dependent variable *Restate*. Clients with stronger control environments might be less likely to issue a restatement since misstatements can be detected and corrected before the financial statements are disclosed. The existence of an audit committee is associated with a stronger control environment since its responsibilities include monitoring the accounting process and the effectiveness of the internal control system.[710] The correlation of the variable *AC* with the probability of issuing a restatement is therefore expected to be negative. The length of the reporting lag may proxy audit effort. Larger reporting lags might indicate higher audit effort, which can results in a lower probability of issuing a restatement.[711] However, larger reporting lags might also indicate risks associated with the audit.[712] Therefore, no prediction is made on the direction of the variable *Lag*. Workload pressure might lead to impaired professional judgment and/or acceptance of weak client explanation, which can diminish the capability to detect and report misstatements in the financial statements.[713] The correlation of the variable *Busy* with the probability of a restatement is therefore expected to be positive.

5.2.2 Descriptive Statistics

The sample size is reduced to 1463 observations (from 1615 observations) due to missing data of variables controlling for client-specific traits. Table 16 presents an overview of the descriptive statistics.[714]

---

708 Cf. *Carcello/Nagy* (2004), p. 60.
709 Cf. *Ettredge et al.* (2010), pp. 338 f.
710 Cf. sec. 107 III 2 AktG; *DeFond/Jiambalvo* (1991), pp. 648 f.
711 Evidence for a direct link of audit effort and audit quality is provided by *Caramanis/Lennox* (2008). Cf. *ibid.*, pp. 126 ff.
712 Cf. *Knechel et al.* (2009), pp. 1628 f.; *Blankley et al.* (2014), pp. 28 f.
713 Cf. *López/Peters* (2012), pp. 139 f.; *Blankley et al.* (2014), pp. 49 f.
714 All continuous variables are winsorized at the 1st and 99th percentile to control for outliers.

Table 16

Descriptive Statistics of Restatement Analysis

Variable	Mean	Std.Dev.	Min.	Q1	Median	Q3	Max.
Restate	0.0260	0.1591	0.0000	0.0000	0.0000	0.0000	1.0000
FT	5.8107	3.6680	1.0000	3.0000	5.0000	9.0000	17.0000
EPT	2.7006	1.7056	1.0000	1.0000	2.0000	4.0000	7.0000
RPT	2.8305	1.7082	1.0000	1.0000	2.0000	4.0000	7.0000
EP_{Exp}	8.5442	5.4511	0.1648	4.5742	7.1456	11.1841	24.5769
RP_{Exp}	14.9856	6.1610	2.8324	10.1209	14.0934	19.7143	30.1731
$EP_{Ability}$	0.0916	0.2885	0.0000	0.0000	0.0000	0.0000	1.0000
$RP_{Ability}$	0.1996	0.3998	0.0000	0.0000	0.0000	0.0000	1.0000
Gender	0.1852	0.3886	0.0000	0.0000	0.0000	0.0000	1.0000
Big4	0.6623	0.4731	0.0000	0.0000	1.0000	1.0000	1.0000
IndExp	0.2711	0.2933	0.0011	0.0248	0.1810	0.4031	1.0000
Office	14.9714	2.7483	8.7877	12.9501	15.0884	17.3325	19.3491
Age	3.2177	1.1617	0.0000	2.3979	3.0445	4.3567	5.2364
Size	12.5480	2.1508	8.1113	10.9652	12.1775	13.9264	18.4310
Lev	0.1960	0.1789	0.0000	0.0419	0.1655	0.2959	0.9881
pBank	-3.2288	1.4118	-5.4048	-4.2513	-3.4386	-2.5783	4.1701
Growth	0.0962	0.3144	-0.8338	-0.0335	0.0676	0.1784	2.1024
MB	2.0782	2.2212	-3.4676	1.0153	1.5589	2.4799	14.6789
AC	0.5140	0.5000	0.0000	0.0000	1.0000	1.0000	1.0000
Lag	4.3278	0.3636	3.4012	4.1271	4.3175	4.4886	5.8579
Busy	0.8469	0.3602	0.0000	1.0000	1.0000	1.0000	1.0000

About 2.60% of the sample observations (38 observations) issue a restatement. The mean of audit firm tenure is 5.8107, whereas the mean of engagement and review partner tenure are 2.7006 and 2.8305, respectively. In 48 cases (3.28%) the engagement partner is subject to a mandatory rotation. With regard to the review partner, there are 49 cases (3.35%). The means of engagement and review partner's work experience are 8.5442 years and 14.9856 years, respectively. About 9.16% of the engagement partners carry an academic title. The percentage of review partners with an academic title is considerably higher and amounts to 19.96%. In about 18.52% of the audit engagements, the engagement and/or review partners are female. About 66.23% of the sample observations are audited by a Big4 audit firm. The average portfolio share of clients from a specific industry for an audit firm amounts to 27.11% of audited total assets from all served industries. The average size of an audit office proxied by the audited total assets is 35,631,923 T€. Given that the average value of total assets for a client is 3,960,641 T€, this means

that the average audit office has about 9 clients.[715] With regard to the descriptive statistics of the various client-specific traits, the average client is 45.8681 years old, has a leverage of 19.60%, a bankruptcy score of -3.2288, a sales growth rate of 9.62% and a market-to-book ratio of 207.82%. About 51.40% of the sample observations have an audit committee. The average reporting lag is 81.6794 days. About 84.69% of the sample observations have the fiscal year-end in December.[716]

5.2.3 Univariate Analysis

In this section, I present univariate results with regard to the test variables, i.e. audit firm tenure, engagement partner tenure, and review partner tenure, and the frequency of restatements (*Restate* = 1). Figure 2 graphs the distribution by tenure. The pattern of the graphs indicates that the probability of issuing a restatement decreases with ongoing audit firm, engagement partner and review partner tenure. More specific, 50% (19 out of 38 restatements) of the restatements occur within the first three consecutive audit engagements of the audit firm. This is comparable to the findings reported in *Carcello/Nagy* (2004).[717] The percentage is even higher at audit partner level. About 84.21% (32 out of 38 restatements) and 73.68% (28 out of 38 restatements) of the restatements occur within the first three consecutive audit engagements of the engagement partner and review partner, respectively. The graph further reveals that the frequency of restatements is in the early periods of engagement and review partner tenure higher than the frequency of restatements in the early periods of audit firm tenure. This might suggests that short engagement and review partner tenure have a greater influence on the issuance of a restatement than short audit firm tenure.

---

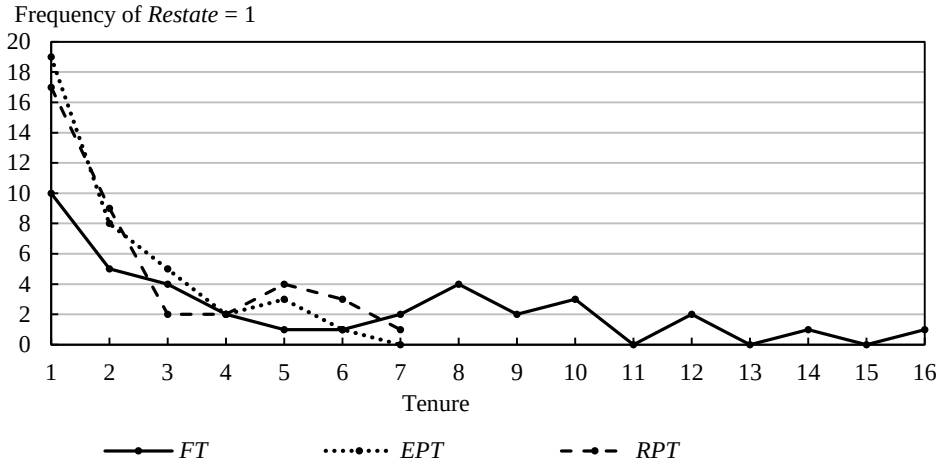
715 The average number of total clients for an audit office is likely to be distorted due to Big4 audit firms having generally larger clients. The average value of total assets audited by a Big4 audit firm amounts to 5,818,944 T€, whereas the average value of total assets audited by a non-Big4 audit firm amounts to only 315,506 T€.

716 Please note that the reported values of the variables *Office*, *Age*, *Size* and *Lag* do not correspond to the values reported in Table 16 since these variables are logarithmized.

717 Cf. *Carcello/Nagy* (2004), p. 63.

Figure 2

Frequency of *Restate* = 1 by Audit Firm and Audit Partner Tenure



Notes:

FT = Length of audit firm tenure, where the tenure of the audit firm equals the number of consecutive audits that the client has retained the same audit firm.

EPT = Length of engagement partner tenure, where the tenure of the engagement partner equals the number of consecutive audits that the client has retained the same engagement partner.

RPT = Length of review partner tenure, where the tenure of the review partner equals the number of consecutive audits that the client has retained the same review partner.

Table 17 presents further univariate results. The mean value of audit firm tenure is lower for clients issuing a restatement (*FT*: 5.2368 vs. 5.8325). At audit partner level, I find similar results. The length of the engagement and review partner tenure is lower for clients issuing a restatement (*EPT*: 2.0789 vs. 2.7220, *RPT*: 2.4737 vs. 2.8431). The results of the Wilcoxon rank sum test show that only the mean differences for the variables *EPT* and *RPT* are (marginally) significant (at $p < 0.05$ and $p < 0.1$, respectively). Univariate results therefore suggest that audit firm tenure does not significantly differ between clients that issue a restatement and clients that do not. However, clients are more likely to issue a restatement in the early periods of engagement and review partner tenure, which corroborates the findings of Figure 2. Audit partner- and audit firm-specific characteristics do not differ significantly between clients that issue a restatement and that do not. With regard to client-specific characteristics, there is weak evidence that clients with higher bankruptcy scores are more likely to issue a restatement and that the presence of an audit

committee is associated with a lower probability of issuing a restatement. Furthermore, there is weak evidence that clients with larger reporting lags are more likely to issue a restatement.

The correlation matrix (see Table 18) does not suggest that multicollinearity issues bias the results. The majority of the correlations are above -0.4 and below 0.4. The largest variance inflation factors (VIF) do not exceed the value of 10.[718]

Table 17

Univariate Results of Restatement Analysis

	Restatement (n = 38)		No Restatement (n = 1425)			
Variables	**Mean**	**Median**	**Mean**	**Median**	**Diff. t-test[a]**	
Test Variables						
FT	5.2368	3.5000	5.8325	5.0000	-1.4385	
EPT	2.0789	1.5000	2.7220	2.0000	-2.4535	**
RPT	2.4737	2.0000	2.8431	2.0000	-1.7902	*
Audit Partner-Specific Variables						
EP_{Exp}	8.7564	7.0714	8.5466	7.1456	-0.1594	
RP_{Exp}	14.5523	14.5673	15.0003	14.1016	-0.4725	
$EP_{Ability}$	0.0789	0.0000	0.0922	0.0000	-0.2784	
$RP_{Ability}$	0.2105	0.0000	0.1992	0.0000	0.1728	
Gender	0.1579	0.0000	0.1851	0.0000	-0.4261	
Audit Firm-Specific Variables						
Big4	0.5789	1.0000	0.6643	1.0000	-1.0974	
IndExp	0.2517	0.0794	0.2716	0.1850	-0.8138	
Office	15.0254	15.0671	14.9731	15.0969	0.1687	
Client-Specific Variables						
Age	2.9019	2.8029	3.2286	3.0445	-1.3183	
Size	12.3081	11.9054	12.5596	12.1927	-0.6063	
Lev	0.2222	0.1805	0.1954	0.1652	0.9833	
pBank	-2.8274	-3.0871	-3.2457	-3.4435	1.7359	*
Growth	0.2061	0.1102	0.0935	0.0675	1.4570	
MB	1.9022	1.5376	2.0779	1.5589	-0.7863	
AC	0.3684	0.0000	0.5186	1.0000	-1.8278	*
Lag	4.4087	4.4188	4.3247	4.3175	1.8382	*
Busy	0.8684	1.0000	0.8459	1.0000	0.3799	

*,**,*** *Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

a *Tests for mean differences are based on the Wilcoxon rank sum test.*

718 Cf. *Belsley et al.* (1980), p. 156.

Table 18

Spearman Correlation Matrix for Restatement Analysis

	FT	*EPT*	*RPT*	EP_{Exp}	RP_{Exp}	$EP_{Ability}$	$RP_{Ability}$	*Gender*	*Big4*	*IndExp*
FT	**1.0000**									
EPT	0.3593***	**1.0000**								
RPT	0.3623***	0.3934***	**1.0000**							
EP_{Exp}	0.0845***	0.2817***	0.1056***	**1.0000**						
RP_{Exp}	0.0973***	0.0994***	0.2368***	0.1527***	**1.0000**					
$EP_{Ability}$	-0.0195	-0.0345	0.0115	0.0359	0.0848***	**1.0000**				
$RP_{Ability}$	0.0753***	0.0829***	0.0400	0.1785***	0.0216	0.0193	**1.0000**			
Gender	-0.0181	-0.0539**	-0.0339	-0.0586**	-0.0952***	-0.0172	-0.0972***	**1.0000**		
Big4	0.0335	-0.0563**	-0.0351	0.0080	0.0050	0.0914***	-0.0376	0.0614**	**1.0000**	
IndExp	0.0700***	0.0262	0.0529**	0.1177***	0.0451*	-0.0039	0.0659**	-0.1086***	-0.3597***	**1.0000**
Office	0.1840***	0.0152	-0.0150	0.1326***	0.0888***	0.1096***	0.0962***	0.0565**	0.6384***	-0.2317***
Age	0.2783***	0.0754***	0.0347	0.1434***	0.1152***	0.0319	0.0731***	-0.1131***	0.1254***	0.0975***
Size	0.2636***	0.0684***	0.0633**	0.2358***	0.2054***	0.0885***	0.1705***	-0.1027***	0.3915***	0.0588**
Lev	0.0899***	0.0590**	0.0413	0.0511*	0.0888***	0.0182	0.0233	-0.0049	0.1022***	-0.0100
pBank	0.0435*	0.0213	0.0061	0.0218	0.0722***	0.0097	0.0081	0.0053	0.0876***	-0.0340
Growth	-0.0584**	-0.0137	-0.0128	0.0466*	-0.0355	-0.0274	0.0032	0.0298	-0.0398	-0.0100
MB	-0.0032	-0.0140	-0.0395	0.0142	-0.0251	-0.0046	0.0791***	-0.0363	0.0362	-0.1067***
AudCom	0.1882***	0.0161	0.0516**	0.1144***	0.1424***	0.0670**	0.0476*	-0.0398	0.3497***	-0.0298
Lag	-0.2080***	-0.0779***	-0.0648**	-0.1560***	-0.0434*	-0.0959***	-0.1055***	0.0136	-0.2272***	-0.0416
Busy	0.0299	-0.0181	0.0328	-0.0163	-0.0014	0.0429	-0.0061	0.0513**	0.0536**	-0.0309

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

Table 18 continued

	Office	*Age*	*Size*	*Lev*	*pBank*	*Growth*	*MB*	*AC*	*Lag*	*Busy*
Office	**1.0000**									
Age	0.2174***	**1.0000**								
Size	0.5560***	0.3389***	**1.0000**							
Lev	0.1358***	0.0982***	0.2900***	**1.0000**						
pBank	0.0748***	0.0166	0.1210***	0.8661***	**1.0000**					
Growth	-0.0105	-0.1085***	0.0519**	-0.0811***	-0.1992***	**1.0000**				
MB	0.0521**	0.0339	0.1059***	-0.1213***	-0.1906***	0.1906***	**1.0000**			
AC	0.3952***	0.2551***	0.5836***	0.2132***	0.1463***	-0.0235	0.0241	**1.0000**		
Lag	-0.3346***	-0.1288***	-0.3888***	0.0519**	0.1303***	-0.0420	-0.1655***	-0.3347***	**1.0000**	
Busy	0.0363	0.0160	-0.0065	-0.0089	0.0007	-0.0109	0.0258	-0.0223	-0.0127	**1.0000**

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

5.2.4 Multivariate Analysis

Univariate results do not suggest that audit firm tenure is associated with the probability of issuing a restatement. At audit partner level there is evidence that a restatement is more likely to be issued in the initial periods of the engagement and review partner tenure. The results, however, do not control for possible other factors that might influence the probability of issuing a restatement. Therefore, I perform a multivariate analysis.

5.2.4.1 Analysis at Audit Firm Level

Table 19 shows the results of the regression used to test the relation between audit firm tenure and the probability of issuing a restatement.[719]

Table 19

Results from the Regression of *Restate* on Audit Firm Tenure and Control Variables

$$Restate = \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 Lev + \beta_8 pBank + \beta_9 Growth + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag + \beta_{13} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald	
Test Variable				
FT	+/-	-0.0324	0.2624	
Audit Firm-Specific Variables				
Big4	-	-0.5560	1.1852	
IndExp	-	-0.1705	0.0564	
Office	-	0.1244	1.8787	
Client-Specific Variables				
Age	-	-0.1172	0.5050	
Size	-	0.0937	0.6648	
Lev	+	-1.5382	1.1117	
pBank	+	0.2792	2.4578	
Growth	+	0.6710	1.3742	
MB	+	-0.0492	0.1240	
AC	-	-0.6707	3.1740	*
Lag	+/-	0.3892	0.3769	
Busy	+	-0.0340	0.0048	
Intercept		-6.2564	3.6409	*
Nagelkerke R^2		0.1080		
Number of Obs.		1463		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

719 To conserve space, I do not report the results for the year and industry dummies. The year dummies for the fiscal years 2008 and 2009 are insignificant. Cf. Appendix 83.

The Hosmer-Lemeshow test indicates a good model fit (χ^2 = 4.1534 and p = 0.8430). The Nagelkerke R^2 equals to 0.1080 which is comparable to prior studies.[720] As indicated in the univariate analysis, audit firm-specific characteristics are not significant predictors of the probability of issuing a restatement. From the set of variables controlling for client-specific characteristics, solely the coefficient on *AC* is marginally significant and negative. This provides weak evidence that the presence of an audit committee is associated with a lower probability of issuing a restatement. With regard to the test variable, the coefficient on *FT* is negative and insignificant. Since the tenure effect may be more pronounced in the initial or later periods of audit firm tenure, i.e. there is a non-monotonic relationship between audit firm tenure and the probability of issuing a restatement, I estimate equation (17) by replacing the continuous variable *FT* with the dummy variables FT_{Short} or FT_{Long} (→ 4.2.1). Table 20 presents the results.[721]

Table 20

Results from Regressions of *Restate* on Dummy Variables for Short or Long Audit Firm Tenure and Control Variables

$$Restate = \beta_0 + \beta_1 \boldsymbol{FT_{Short}/FT_{Long}} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 Lev + \beta_8 pBank + \beta_9 Growth + \beta_{10} MB + \beta_{11} AC + \beta_{12} Lag + \beta_{13} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff. (Wald)	
FT_{Short} = 1 if $FT \leq 3$			
FT_{Short}	+/-	0.6774 (4.3229)	**
Nagelkerke R^2		0.1172	
Number of Obs.		1463	
FT_{Long} = 1 if $FT \geq 11$			
FT_{Long}	+/-	0.0736 (0.0122)	
Nagelkerke R^2		0.1071	
Number of Obs.		1463	

*, **, *** *Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

720 Cf. *Carcello/Nagy* (2004), p. 65; *Krauß et al.* (2015), p. 76.

721 I do not report the results for the remaining variables since they remain qualitatively unchanged. Cf. Appendices 84-85.

The coefficient on FT_{Short} is significantly positive (p = 0.0376), whereas FT_{Long} is insignificant. This suggests that the probability of issuing a restatement is more pronounced in the early periods of audit firm tenure and "*tapers-off*"[722] afterwards.[723] To add more confidence in the reported results, I estimate equation (17) with the previously defined alternative cut-off point to define short and long audit firm tenure (→ 5.1.4.1). The coefficient on FT_{Short2} remains positive and is marginally significant (coeff. = 0.7260, p = 0.0565), whereas the variables testing the effect of extended audit firm tenure remain insignificant (FT_{Long7}, FT_{Long8}, FT_{Long9} and FT_{Long10}).[724] These results provide evidence that the probability of issuing a restatement is higher in the early periods of audit firm tenure.

Sensitivity Analysis

A possible alternative explanation for a higher probability of issuing a restatement in the early periods of audit firm tenure might be that companies (frequently) switching audit firms are more likely to have financial reporting problems.[725] To minimize the risk that the results are biased by these companies, I exclude observations of companies that frequently switch audit firms.[726] The results remain qualitatively unchanged suggesting a low probability that the findings of the primary analysis are biased by companies that frequently switch audit firms.[727]

Overall, the results of the primary and sensitivity analyses provide evidence that the probability of issuing a restatement is higher in the early periods of audit firm tenure, which supports Hypothesis H1.

---

722 *Geiger/Raghunandan* (2002a), p. 74.

723 I also run equation (17) by including FT_{Short} and FT_{Long} to test a possible U-shaped form. The results do not suggest the presence of a U-shaped form. Cf. Appendix 86.

724 Cf. Appendices 87-91.

725 Cf. *Carcello/Nagy* (2004), pp. 66 f.

726 A company is classified as a frequent switcher if having switched audit firms at least two times during the sample period. The sample size is reduced to 1303 observations (from 1463 observations), with 32 restatement observations (from 38 observations).

727 Cf. Appendices 92-99.

Moderator Analyses

To examine whether the effect of audit firm tenure differs across different audit firm-specific traits and client sizes, I perform moderator analyses (→ 5.1.4.1). The coefficients on the interaction terms *FT*Big4*, *FT*IndExp*$_D$, *FT*Office*$_D$, and *FT*Size*$_D$ are insignificant. Thus, the results fail to provide evidence that the effect of audit firm tenure differs across different audit firm sizes, different levels of industry expertise, different audit office sizes and different client sizes.[728]

5.2.4.2 Analysis at Audit Partner Level

Table 21 shows the results testing the relation between engagement and review partner tenure and the probability of issuing a restatement.[729]

Table 21

Results from the Regression of *Restate* on Audit Partner Tenure and Control Variables

$$Restate = \beta_0 + \beta_1 \mathbf{EPT} + \beta_2 \mathbf{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} Lev + \beta_{14} pBank + \beta_{15} Growth + \beta_{16} MB + \beta_{17} AC + \beta_{18} Lag + \beta_{19} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald	
Test Variables				
EPT	+/-	-0.3070	4.9784	**
RPT	+/-	-0.0181	0.0182	
Audit Partner-Specific Variables				
EP_{Exp}	-	0.0333	0.8897	
RP_{Exp}	-	0.0044	0.0253	
$EP_{Ability}$	-	-0.2183	0.1201	
$RP_{Ability}$	-	-0.2539	0.2997	
Gender	+/-	-0.4562	0.7531	
Nagelkerke R^2		0.1338		
Number of Obs.		1463		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

728 The coefficient on *FT*Big4* equals to -0.0159 (p = 0.9100), on *FT*IndExp*$_D$ to 0.1468 (p = 0.2990), on *FT*Office*$_D$ to 0.0143 (p = 0.9211), and on *FT*Size*$_D$ to 0.1653 (p = 0.2739). Running the moderator analysis with the dichotomous variable FT_{Short} does not change the results qualitatively. The coefficient on FT_{Short}**Big4* equals to 0.5422 (p = 0.4344), on FT_{Short}**IndExp*$_D$ to -0.3939 (p = 0.6030), on FT_{Short}**Office*$_D$ to 0.5873 (p = 0.3890), and on FT_{Short}**Size*$_D$ to -0.5741 (p = 0.4166).

729 Since the results with regard to the audit firm-specific and client-specific characteristics remain qualitatively unchanged, I do not report them to conserve space. For an overview, see Appendix 100.

The Hosmer-Lemeshow test indicates a good model specification (χ^2 = 5.4650 and p = 0.7069). The Nagelkerke R^2 equals to 0.1336. Consistent with the findings of the univariate analysis, audit partner-specific characteristics are not significant predictors of the probability of issuing a restatement. With regard to the test variables, the coefficient on *EPT* is negative and significant (p = 0.0257), whereas *RPT* is insignificant. As at audit firm level, the effect of audit partner tenure may be more pronounced in the initial or later periods of audit partner tenure. Therefore, I estimate equation (18) by replacing the continuous variables *EPT* and *RPT* with the dummy variables EPT_{Short} and RPT_{Short} or EPT_{Long} and RPT_{Long} (→ 4.2.1). Table 22 presents an overview of the findings.[730]

Table 22

Results from Regressions of *Restate* on Dummy Variables for Short or Long Audit Partner Tenure and Control Variables

$$Restate = \beta_0 + \beta_1 \boldsymbol{EPT_{Short}/EPT_{Long}} + \beta_2 \boldsymbol{RPT_{Short}/RPT_{Long}} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 EP_{Gender} + \beta_8 RP_{Gender} + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff. (Wald)	
EPT_{Short}/RPT_{Short} = 1 if $EPT/RPT \leq 3$			
EPT_{Short}	+/-	0.9604 (3.7548)	*
RPT_{Short}	+/-	-0.1436 (0.1128)	
Nagelkerke R^2		0.1241	
Number of Obs.		1463	
EPT_{Long}/RPT_{Long} = 1 if $EPT/RPT \geq 6$			
EPT_{Long}	+/-	-1.8069 (2.8255)	*
RPT_{Long}	+/-	0.5751 (1.1235)	
Nagelkerke R^2		0.1257	
Number of Obs.		1463	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

730 The results with regard to the control variables remain qualitatively unchanged. Cf. Appendices 101-102.

The coefficient on EPT_{Short} is positive and on EPT_{Long} negative. Both coefficients are marginally significant (p = 0.0527 and p = 0.0928, respectively). The variables RPT_{Short} and RPT_{Long} are insignificant.[731] To strengthen the confidence in the reported results, I estimate equation (18) with the previously defined alternative cut-off points (→ 5.1.4.2). The coefficient on EPT_{Short2} becomes insignificant, whereas EPT_{Long5} remains negative and marginally significant (coeff. = -1.0344, p = 0.0805). The coefficients on RPT_{Short2} and RPT_{Long5} are insignificant.[732] Together, these results support the finding that the probability of issuing a restatement decreases with increasing engagement partner tenure, and that review partner tenure is not associated with the probability of issuing a restatement.

Sensitivity Analyses

To add more robustness to the reported results, I estimate equation (18) by excluding observations where $FT \leq 3$ in order to minimize the risk that the observed effects of short engagement partner and review partner tenure are due to short audit firm tenure (→ 5.1.4.2).[733,734] The coefficient on *EPT* remains negative and is marginally significant (coeff. = -0.2269, p = 0.0961). The coefficients on EPT_{Short} and EPT_{Long} become insignificant. With regard to review partner tenure, the coefficient on RPT_{Long} is positive and becomes marginally significant (coeff. = 1.0081, p = 0.0707), whereas RPT_{Short} remains insignificant. The results remain qualitatively unchanged when using the alternative cut-off points.[735] I also estimate equation (18) using the tenure of the audit partner team. The results are somewhat weaker but point into the same direction. The coefficient on *Team* is positive and marginally significant (coeff. = -0.3122, p = 0.0977), whereas the variables $Team_{Short}$ and $Team_{Long}$

---

731 I also run equation (18) by including EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RP_{Long} to test a possible U-shaped form. The results do not suggest the presence of a U-shaped form. Cf. Appendix 103.

732 Cf. Appendices 104-105.

733 Excluding observations with $FT \leq 3$ removes a great part of the correlation in the sample. The Spearman correlation of *FT* and *EPT* drops from 0.3593 to -0.0832. The correlation between *FT* and *RPT* drops from 0.3623 to -0.0875.

734 The sample size is reduced to 954 observations (from 1463 observations). The number of restatements is reduced to 19 observations (from 38 observations).

735 Cf. Appendices 106-110.

are insignificant. When redefining short audit partner team tenure, the coefficient on $Team_{Short2}$ becomes marginally significant and has a positive sign (coeff. = 0.9410, p = 0.0773). The coefficient on $Team_{Long5}$ remains insignificant.[736]

Overall, the results of the primary and sensitivity provide evidence that the probability of issuing a restatement decreases with increasing engagement partner tenure, which is consistent with Hypothesis H2a. Review partner tenure is not associated with the probability of issuing a restatement, which is inconsistent with Hypothesis H2b.

Moderator Analyses

Analogously to the moderator analyses at audit firm level, I examine whether the effect of engagement and review partner tenure differs across different audit firm-specific characteristics and different client sizes. Furthermore, I test whether the effect of engagement and review partner tenure is contingent on the level of work experience. The interaction terms are insignificant, which suggest that the effect of engagement and review partner tenure does not significantly differ across different audit firm sizes, different levels of industry expertise, different audit office sizes, different client sizes and different levels of work experience.[737]

Interaction of Engagement and Review Partner Tenure

To investigate a possible interaction effect between engagement and review partner tenure, I estimate equation (18) with the interaction term *EPT*RPT*. An asynchronous progression of engagement and review partner tenure might mitigate the loss of client-specific knowledge associated with a rotation (→ 5.1.4.2). The coefficient on the interaction term is insignificant (coeff. = 0.0418, p = 0.4745). Hence, the presence of an interaction effect cannot be substantiated.

---

736 Cf. Appendices 111-115.

737 Running the moderator analysis with the dummy variables EPT_{Short} and RPT_{Short} does not change the results qualitatively. Cf. Appendices 116-117.

5.2.4.3 Joint Analysis

Table 23 shows the results of the regressions used to test the relation between audit firm tenure and the probability of issuing a restatement after controlling for engagement and review partner tenure.[738]

Table 23

Results from the Regressions of *Restate* on Audit Firm and Audit Partner Tenure and Control Variables

$$Restate = \beta_0 + \beta_1 \boldsymbol{FT/FT_{Short}/FT_{Long}} + \beta_2 \boldsymbol{EPT/EPT_{Short}/EPT_{Long}} + \beta_3 \boldsymbol{RPT/RPT_{Short}/RPT_{Long}} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald	
Continuous Approach				
FT	+/-	0.0179	0.1025	
EPT	+/-	-0.3119	5.6340	**
RPT	+/-	-0.0295	0.0497	
Nagelkerke R^2		0.1341		
Number of Obs.		1463		
Dummy Approach: Short				
FT_{Short}	+/-	0.5882	2.0963	
EPT_{Short}	+/-	0.7824	2.3325	
RPT_{Short}	+/-	-0.4328	0.7071	
Nagelkerke R^2		0.1290		
Number of Obs.		1463		
Dummy Approach: Long				
FT_{Long}	+/-	0.0689	0.0100	
EPT_{Long}	+/-	-1.0325	2.9856	*
RPT_{Long}	+/-	0.5325	1.4970	
Nagelkerke R^2		0.1232		
Number of Obs.		1463		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The Hosmer-Lemeshow test indicates a good model fit ($\chi^2 = 7.3134$, p = 0.5032). The Nagelkerke R^2 is 0.1341. The coefficient on *FT* is positive, whereas *EPT* and *RPT* are both negative. The test variables are with the exception of *EPT* insignificant (*EPT*: coeff. = -0.3119, p = 0.0176). The results testing a non-monotonic relationship show that only the coefficient on

738 To conserve space, I do not report the results of the audit firm-, audit partner-, and client-specific variables since they remain mostly unchanged. For a more detailed overview, see Appendices 118-120.

EPT_{Long} is marginally significant (p = 0.0933) and has a negative sign. Thus, the previously reported results that the probability of issuing a restatement is more pronounced in the initial periods of audit firm and engagement partner tenure cannot be corroborated in the joint analysis. Using the alternative cut-off points yield similar results.[739] Together, the results do not provide evidence that audit firm tenure is associated with the probability of issuing a restatement after controlling for engagement and review partner tenure. However, I find evidence that the probability of issuing a restatement decreases with increasing engagement partner tenure, whereas the length of the review partner tenure is not a significant predictor. These findings corroborate the results of the univariate analysis that audit partner tenure might be a more decisive factor of the probability of issuing a restatement.

Sensitivity Analysis

To add more robustness to the reported results, I exclude observations of companies that frequently switch audit firms (→ 5.2.4.1). The results remain qualitatively unchanged.[740] I also estimate equation (19) measuring audit partner tenure as the consecutive signatures that the client has retained the same two audit partners. The results are broadly consistent with the results reported in the primary analysis.[741] Overall, the results of the sensitivity analyses are consistent the results reported in the primary analysis.

Further Analysis

To test whether the effect of engagement and review partner tenure are different at various points of audit firm tenure, I run a three-way interaction analysis. In addition to the arguments presented in 5.1.4.3, increasing audit firm tenure may lead to increased client-specific knowledge that is accumulated at audit firm level (e.g. databases, communication channels, etc.). Newly appointed engagement and/or review partners could draw from the accumulated knowledge in the initial periods, which might attenuate the loss of client-spe-

---

739 Cf. Appendices 121-125.
740 Cf. Appendices 126-133.
741 Cf. Appendices 134-141.

cific knowledge at audit partner level. An increased risk of material misstatements in the initial periods of engagement and review partner tenure could therefore be mitigated. Table 24 shows the effect of increasing engagement and review partner tenure (*EPT*RPT*) on the probability of issuing a restatement at various points of audit firm tenure. The coefficient on the interaction term *FT*EPT*RPT* equals to -0.0065 and is insignificant (p = 0.7114), hence the the differences of th effect of engagement and review partner tenure at various points of audit firm tenure are insignificant. The presence of a interaction effect between audit firm and audit partner tenure can therefore not be substantiated.[742]

Table 24

Effect of Engagement and Review Partner Tenure on the Probability of Issuing a Restatement at Various Points of Audit Firm Tenure

	EPT*RPT	
FT	**Coeff.**	**Wald**
1	0.0590	0.2392
2	0.0526	0.2475
3	0.0461	0.2538
4	0.0396	0.2537
5	0.0331	0.2379
6	0.0267	0.1942
7	0.0202	0.1228
8	0.0137	0.0523
9	0.0072	0.0117
10	0.0007	0.0001
11	-0.0057	0.0041
12	-0.0122	0.0138
13	-0.0187	0.0247
14	-0.0252	0.0350
15	-0.0317	0.0442
16	-0.0381	0.0523
17	-0.0446	0.0592

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

Overall, the results suggest that audit firm tenure is not associated with the probability of issuing a restatement after controlling for engagement and review partner tenure, which is inconsistent with Hypothesis H3. However,

742 The coefficient on the interaction term remains insignificant when excluding observations of clients that "frequently" switch audit firms (coeff. = -0.0071, p = 0.7205).

there is evidence that the probability of issuing a restatement decreases with increasing engagement partner tenure, whereas review partner tenure is not associated with the probability of issuing a restatement.

5.2.5 Summary of the Results

The above-presented results provide evidence that the probability of issuing a restatement is higher in the initial periods of audit firm tenure.[743] Audit quality is therefore lower in the early periods of audit firm tenure. This is consistent with the results reported by *Carcello/Nagy* (2004) and *Stanley/DeZoort* (2007), who also report that restatements are more likely to be issued in the early periods of audit firm tenure (→ 3.2.1). At audit partner level, I find evidence that the probability of issuing a restatement decreases with increasing engagement partner tenure, and that review partner tenure is not associated with the probability of issuing a restatement.[744] Audit quality therefore decreases with increasing engagement partner tenure, whereas the results fail to find evidence linking audit quality with review partner tenure. I also examine whether the effect of audit firm tenure and audit partner tenure differs across different audit firm-specific traits (audit firm size, industry expertise and audit office size) and different client sizes. The results do not suggest that the effect of audit firm and audit partner tenure is contingent on differing audit firm-specific traits and different client sizes. Furthermore, I do not find evidence that audit partner tenure plays out differently for differing levels of work experience.

Since results of the effect of audit firm tenure on audit quality may be subject to omitted variable bias when not controlling for the effect of audit partner tenure (and vice versa),[745] I test the effect of audit firm tenure on the probability of issuing a restatement after controlling for engagement and review partner tenure. The results do not provide evidence that audit firm tenure is

---

743 For an overview of the results with regard to the test variables at audit firm level, see Appendix 142.

744 For an overview of the results with regard to the test variables at audit partner level, see Appendix 143.

745 Cf. *Bedard/Johnstone* (2010), p. 68.

associated with the probability of issuing a restatement.[746] Hence, the results fail to provide evidence of an association between audit firm tenure and audit quality after controlling for engagement and review partner tenure. The observed negative effect of short audit firm tenure on audit quality in the analysis at audit firm level therefore "disappears" when controlling for engagement and review partner tenure. The positive effect of increasing engagement partner tenure on audit quality, however, remains significant in the joint analysis. This suggests that the previously observed negative effect of short audit firm tenure on audit quality is mainly attributable to engagement partner tenure. This finding stresses the importance of controlling for audit partner tenure when investigating the effects of audit firm tenure on audit quality (and vice versa). An interaction effect between audit firm and audit partner tenure cannot be substantiated. The results with regard to audit firm tenure fail to provide evidence of an association between audit firm tenure and audit quality. Nonetheless, the observed positive effect of increasing engagement partner tenure on audit quality suggests that mandatory audit firm rotation could have detrimental effects on audit quality since the rotation of the audit firm leads in most cases to the rotation of the engagement partner.[747]

---

746 For an overview of the results with regard to the test variables in the joint analysis, see Appendix 144.

747 A rotation of the audit firm does not lead to a rotation of the audit partner, if the audit partner is hired by a new audit firm and takes the client with him to the new audit firm.

5.3 Analysis III: Meeting or Just Beating Analysts' Forecasts

5.3.1 Method and Model Specification

The third proxy is the probability of meeting or just beating analysts' forecasts. Although the profit threshold and prior year's earnings are also used in auditing research,[748] empirical evidence suggests that the use these benchmarks is rather unsubstantiated.[749] Empirical evidence also indicates that analysts' forecasts are the primary thresholds that are targeted (→ 3.1.2.4.2). Therefore, I restrict the analysis to analysts' forecasts. To identify clients that meet or just beat analysts' forecasts, I calculate the forecast error, which is defined as the difference between the reported earnings per share by the client and the mean of the forecasted consensus earnings per share from analysts (EPS_{Actual} - $EPS_{Mean\ Consensus}$).[750] Clients with forecasts errors between 0 and 2 cents are classified as benchmark beaters.[751] To test Hypotheses H1 to H3, the following logistic regressions are estimated.[752]

$$MBE_{FE} = \beta_0 + \beta_1\boldsymbol{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} Tax + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + \beta_{16} NoE + \beta_{17} Std + \beta_k Industry + \beta_j Year + \varepsilon \quad (20)$$

$$MBE_{FE} = \beta_0 + \beta_1\boldsymbol{EPT} + \beta_2\boldsymbol{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} Tax + \beta_{19} AC + \beta_{20} Lag + \beta_{21} Busy + \beta_{22} NoE + \beta_{23} Std + \beta_k Industry + \beta_j Year + \varepsilon \quad (21)$$

---

748 Cf. *Frankel et al.* (2002), p. 83; *Menon/Williams* (2004), pp. 1106 f.; *Carey/Simnett* (2006), pp. 668 f.; *Dechow et al.* (2010), pp. 364 ff.

749 Cf. *Dechow et al.* (2010), p. 365.

750 Information on analysts is drawn from the I/B/E/S database.

751 Cf. *Krauß et al.* (2015), p. 74.

752 Firm and year subscripts are omitted for brevity.

$$
\begin{aligned}
MBE_{FE} = {} & \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 \boldsymbol{EPT} + \beta_3 \boldsymbol{RPT} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} \\
& + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp \\
& + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} OCF + \beta_{15} Lev \\
& + \beta_{16} pBank + \beta_{17} Growth + \beta_{18} MB + \beta_{19} Tax + \beta_{20} AC \\
& + \beta_{21} Lag + \beta_{22} Busy + \beta_{23} NoE + \beta_{24} Std + \beta_k Industry \\
& + \beta_j Year + \varepsilon
\end{aligned}
\tag{22}
$$

where:

MBE_{FE}	=	Dummy variable coded 1 if the client meets or just beats the analysts' mean consensus earnings per share by 2 cents, and 0 otherwise;
Tax	=	Tax expenses scaled by total assets;
NoE	=	Number of analysts making a forecast for the client; and
Std	=	Standard deviation of forecasts made for the client.

All other variables are as defined in equation (19). The dependent variable MBE_{FE} is a dummy variable that takes the value 1 if the client meets or just beats analysts' forecasts, and 0 otherwise. The test variable for Hypothesis H1 is *FT* and measures the length of the audit firm tenure. The test variables for Hypotheses H2a and H2b are *EPT* and *RPT*, respectively and indicate the length of the engagement and review partner tenure. The primary test variable for Hypothesis H3 is *FT* after controlling for the effects of *EPT* and *RPT*.

I further include client-specific characteristics that have shown to yield an influence on the accuracy of analysts' forecasts. The age of the client is included to reduce the risk that observed results on the tenure variables are not caused by the correlation with the variable *Age*. Therefore, no prediction is made on the expected sign.[753] Larger clients are more likely to be covered by more analysts. The greater scrutiny may lead to greater pressure to meet or just beat analysts' forecasts. To control for these differences in the information environment, I include the size of the client. The variable *Size* is therefore expected to be positively correlated with the dependent variable

---

753 Cf. *Davis et al.* (2009), pp. 526 f.

MBE_{FE}.[754] To control for the financial situation of the client, I include the operating cash flow, the leverage and the bankruptcy score. Higher levels of operating cash flow are associated with better current performance. Hence, the variable *OCF* is expected to be positively correlated with the dependent variable MBE_{FE}. Higher levels of leverage and higher bankruptcy scores indicate financial distress. Clients in financial distress might have heightened incentives to meet or just beat analysts' forecasts to uphold contractual obligations and reputation. Therefore, the variables *Lev* and *pBank* are expected to be positively correlated with the probability of meeting or just beating analysts' forecasts.[755] Clients with higher growth levels might suffer more negative stock price reactions when missing analysts' forecast.,[756] These clients might have greater incentives to meet or just beat analysts' forecasts.[757] The growth of the client is approximated by the growth in sales and the market-to-book ratio. The variables *Growth* and *MB* are both expected to be positively correlated with the dependent variable MBE_{FE}.[758] I also include the tax expenses since prior research indicates that tax expenses are used as a means to meet or just beat analysts' forecasts.[759] Since managers might use quantitatively immaterial earnings overstatements/understatements (intentional misstatements) as a means to meet or just beat earnings benchmarks, the arguments presented on the relation between the presence of an audit committee, the reporting lag and workload pressure and the probability of issuing restatements also apply on the probability of meeting or just beating analysts' forecasts (→ 5.2.1). Therefore, the variable *AC* is expected to be negatively associated with the dependent variable MBE_{FE}, whereas *Busy* is expected to be positively correlated with the dependent variable MBE_{FE}. No prediction is made with regard to the sign of the variable *Lag*. I further extend the equations by the number of analysts making a forecast and the forecasts' dispersion to control for possible cross-sectional differences in the client's information environment. Based on results of prior research, the variable *NoE* is expected to

---

754 Cf. *Davis et al.* (2009); *Litt et al.* (2014), p. 69.
755 Cf. *Davis et al.* (2009), p. 527; *Litt et al.* (2014), p. 69.
756 Cf. *Skinner/Sloan* (2002), pp. 289 ff.
757 Cf. *McVay et al.* (2006), footnote 14.
758 Cf. *Carcello/Nagy* (2004), p. 60; *McVay et al.* (2006), p. 588.
759 Cf. *Dhaliwal et al.* (2004), pp. 431 ff.

be positively correlated with the probability of meeting or just beating analysts' forecasts, whereas *Std* is expected to be negatively correlated with the probability of meeting or just beating analysts' forecasts.[760]

5.3.2 Descriptive Statistics

The samples size is reduced to 1125 observations (from 1615 observations) due to missing data of variables controlling for client-specific traits. Table 25 presents an overview of the descriptive statistics.[761]

Table 25

Descriptive Statistics of Meeting or Just Beating Analysts' Forecasts Analysis

Variable	Mean	Std.Dev.	Min.	Q1	Median	Q3	Max.
MBE_{FE}	0.1084	0.3111	0.0000	0.0000	0.0000	0.0000	1.0000
FT	5.9662	3.7422	1.0000	3.0000	5.0000	9.0000	17.0000
EPT	2.7138	1.6920	1.0000	1.0000	2.0000	4.0000	7.0000
RPT	2.8862	1.7159	1.0000	1.0000	3.0000	4.0000	7.0000
EP_{Exp}	8.7538	5.5753	0.1648	4.7088	7.2033	11.9038	24.5769
RP_{Exp}	15.0050	6.1268	2.8324	10.1209	14.1181	19.6786	30.1731
$EP_{Ability}$	0.0898	0.2860	0.0000	0.0000	0.0000	0.0000	1.0000
$RP_{Ability}$	0.2187	0.4135	0.0000	0.0000	0.0000	0.0000	1.0000
Gender	0.1947	0.3961	0.0000	0.0000	0.0000	0.0000	1.0000
Big4	0.6942	0.4609	0.0000	0.0000	1.0000	1.0000	1.0000
IndExp	0.2647	0.2794	0.0011	0.0269	0.1850	0.3911	1.0000
Office	15.1883	2.6542	8.7877	13.2633	15.2056	17.3667	19.3491
Age	3.1232	1.1703	0.0000	2.3979	2.9444	4.0943	5.2364
Size	12.8490	2.1254	8.1113	11.2005	12.5161	14.1010	18.4310
OCF	0.0805	0.1228	-0.5424	0.0347	0.0831	0.1341	0.4323
Lev	0.1864	0.1638	0.0000	0.0466	0.1601	0.2822	0.9881
pBank	-3.3385	1.2825	-5.4048	-4.2594	-3.5013	-2.6974	4.1701
Growth	0.1103	0.2926	-0.8338	-0.0178	0.0795	0.1921	2.1024
MB	2.0385	1.9227	-3.4676	1.0476	1.5826	2.4824	14.6789
Tax	0.0252	0.0331	-0.0736	0.0054	0.0187	0.0392	0.1591
AC	0.5716	0.4951	0.0000	0.0000	1.0000	1.0000	1.0000
Lag	4.2764	0.3305	3.4012	4.0943	4.2905	4.4308	5.8579
Busy	0.8507	0.3566	0.0000	1.0000	1.0000	1.0000	1.0000
NoE	8.2302	9.1128	1.0000	1.0000	4.0000	12.0000	34.0000
Std	0.1680	0.2863	0.0000	0.0000	0.0634	0.1960	1.6829

Approximately 10.84% of the sample observations (122 observations) meet or just beat analysts' forecasts by 2 cents or less. The mean length of audit firm tenure is 5.9662. The mean length of engagement partner tenure and review partner tenure are about 2.7138 and 2.8862, respectively. In 35 cases

760 Cf. *Davis et al.* (2009), pp. 526 f.

761 All continuous variables are winsorized at the 1st and 99th percentile to control for outliers.

(3.11%) the engagement partner is subject to a mandatory rotation. With regard to the review partner, there are 38 cases (3.38%). The average length of engagement partner's work experience is approximately 8.7538 years. The length of review partner's work experience is about 15.0050 years. In about 8.98% of the audit engagements, the engagement partner carries an academic title. The percentage of review partners that carry an academic title is with 21.87% substantially higher. In about 19.47% of the audit engagements, the engagement and/or review partners are female. Approximately 69.42% of the sample observations are audited by a Big4 audit firm. The average portfolio share of clients from a specific industry for an audit firm amounts to 26.47% of audited total assets from all served industries. The average size of an audit office proxied by the audited total assets is 38,555,606 T€. Given that the average value of total assets for a client is 4,850,698 T€, this means that the average audit office has about 8 clients.[762] With regard to the descriptive statistics of the various client-specific traits, the average client is 45.5236 years old, has an operating cash flow of 8.05% of total assets, a leverage of 18.64%, a bankruptcy score of -3.3385, a growth rate in sales of 11.03%, a market-to-book ratio of 203.85%, and tax expenses equaling to 2.52% of total assets. About 57.16% of the sample observations have an audit committee. The average reporting lag is 81.6794 days. About 85.07% of the sample observations have the fiscal year end in December, and an average of 8.2302 analysts making a forecast.[763]

5.3.3 Univariate Analysis

In this section, I present univariate results with regard to the test variables, i.e. audit firm tenure, engagement partner tenure and review partner tenure, and the frequency of benchmark beating observations ($MBE_{FE} = 1$). Figure 3 graphs the distribution by tenure.

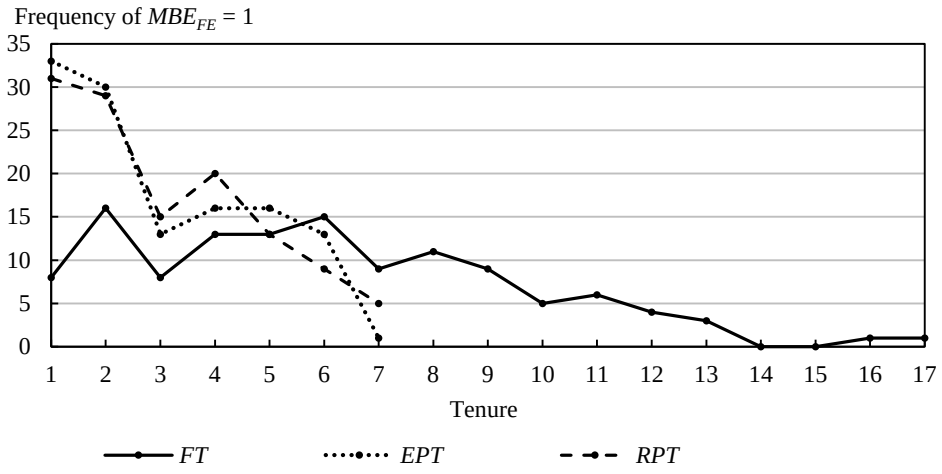
---

762 The average number of clients for an audit office is likely to be distorted by Big4 audit firms having generally larger clients. The average value of total assets audited by a Big4 audit firm amounts to 6,827,062 T€, whereas the value of audited total assets by a non-Big4 audit firm amounts to only 363,661 T€.

763 Please note that the reported values of the variables *Office*, *Age*, *Size* and *Lag* do not correspond to the values reported in Table 25 since these variables are logarithmized.

Figure 3

Frequency of MBE_{FE} = 1 by Audit Firm and Audit Partner Tenure



Notes:

FT = Length of audit firm tenure, where the tenure of the audit firm equals the number of consecutive audits that the client has retained the same audit firm.

EPT = Length of engagement partner tenure, where the tenure of the engagement partner equals the number of consecutive audits that the client has retained the same engagement partner.

RPT = Length of review partner tenure, where the tenure of the review partner equals the number of consecutive audits that the client has retained the same review partner.

The frequency of benchmark beating observations decreases with ongoing audit firm, engagement and review partner tenure. However, unlike at audit partner level, where the frequency of benchmark beating observations decreases somewhat continuously with increasing engagement and review partner tenure, the frequency of benchmark beating observations by audit firm tenure is somewhat stable until the 6th consecutive engagement and begins to decrease continuously with the 7th consecutive engagement. Furthermore, the graph reveals that the frequency of benchmark beating observations is in the early periods of engagement and review partners tenure higher than in the early periods of audit firm tenure. This might suggest that short engagement and review partner tenure have a greater influence on the probability of meeting or just beating analysts' forecasts than short audit firm tenure. Table 26 presents further univariate results.

Table 26

Univariate Results of Meeting or Just Beating Analysts' Forecasts Analysis

	Beat (n = 122)		No Beat (n = 1003)			
Variables	**Mean**	**Median**	**Mean**	**Median**	**Diff. t-test[a]**	
Test Variables						
FT	6.0574	6.0000	5.9551	5.0000	5.9551	
EPT	2.9590	2.0000	2.6839	2.0000	2.6839	
RPT	3.0164	3.0000	2.8704	3.0000	2.8704	
Audit Partner-Specific Variables						
EP_{Exp}	8.3831	7.1799	8.7989	7.2335	-0.5553	
RP_{Exp}	13.3666	12.0701	15.2043	14.7582	-3.1275	***
$EP_{Ability}$	0.0492	0.0000	0.0947	0.0000	-1.6603	*
$RP_{Ability}$	0.1967	0.0000	0.2213	0.0000	-0.6206	
Gender	0.1885	0.0000	0.1954	0.0000	-0.1812	
Audit Firm-Specific Variables						
Big4	0.5820	1.0000	0.7079	1.0000	-2.8486	
IndExp	0.2424	0.0829	0.2675	0.2081	-1.5405	
Office	14.4454	14.2419	15.2787	15.2945	-3.2817	***
Client-Specific Variables						
Age	2.9888	2.8904	3.1395	2.9444	-1.1955	
Size	11.9897	11.6751	12.9535	12.6263	-5.0302	***
OCF	0.1122	0.1033	0.0766	0.0820	2.4922	**
Lev	0.1439	0.1119	0.1916	0.1655	-3.7367	***
pBank	-3.7090	-3.9874	-3.2934	-3.4451	-4.2111	***
Growth	0.1408	0.1124	0.1065	0.0776	1.8980	*
MB	1.8153	1.4384	2.0657	1.6070	-1.5446	
Tax	0.0272	0.0221	0.0250	0.0186	1.1067	
AC	0.4836	0.0000	0.5823	1.0000	-2.0779	**
Lag	4.2996	4.3041	4.2736	4.2767	1.1409	
Busy	0.8197	1.0000	0.8544	1.0000	-1.0166	
NoE	5.4836	2.0000	8.5643	4.0000	-3.1975	***
Std	0.0352	0.0163	0.1841	0.0748	-6.9210	***

*,**,*** *Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

a *Tests for mean differences are based on the Wilcoxon rank sum test.*

The mean value of audit firm tenure is higher for clients meeting or just beating analysts' forecasts (*FT*: 6.0574 vs. 5.9551). At audit partner level, I find similar results. The length of the engagement and review partner tenure is on average higher for clients meeting or just beating analysts' forecasts (*EPT*: 2.9590 vs. 2.6839, *RPT*: 3.0164 vs. 2.8704). These mean differences, however, are insignificant. Thus, univariate results do not suggest that audit firm tenure, engagement partner tenure, and review partner tenure are associated with the probability of meeting or just beating analysts' forecasts. The results of the audit partner- and audit firm-specific control variables indicate strongly that clients are more likely to meet or just beat analysts' forecasts when the level of review partner's work experience is lower and when being audited by smaller audit offices. In addition, there is weak evidence that clients are

more likely to meet or just beat analysts' forecasts when the engagement partner does not carry an academic title. With regard to client-specific characteristics, there is evidence that clients are more likely to meet or just beat analysts' forecasts when being smaller, when having higher levels of operating cash flow, lower levels of leverage, lower bankruptcy scores, fewer analysts' making a forecast, lower levels of forecasts' dispersion, and no audit committee. Furthermore, there is some evidence that higher levels of growth in sales are associated with a higher probability of meeting or just beating analysts' forecasts.

The correlation matrix (see Table 27) does not suggest that multicollinearity issues bias the results. The majority of the correlations are above -0.4 and below 0.4. The largest variance inflation factors (VIF) do not exceed the value of 10.[764]

[764] Cf. *Belsley et al.* (1980), p. 156.

Table 27

Spearman Correlation Matrix for Meeting or Just Beating Analysts' Forecasts Analysis

	FT	*EPT*	*RPT*	EP_{Exp}	RP_{Exp}	$EP_{Ability}$	$RP_{Ability}$	*Gender*	*Big4*	*IndExp*	*Office*	*Age*
FT	**1.0000**											
EPT	0.3477***	**1.0000**										
RPT	0.3519***	0.4011***	**1.0000**									
EP_{Exp}	0.0867***	0.2951***	0.0833***	**1.0000**								
RP_{Exp}	0.0821***	0.1165***	0.2435***	0.1659***	**1.0000**							
$EP_{Ability}$	-0.0233	-0.0338	0.0145	0.0172	0.0938***	**1.0000**						
$RP_{Ability}$	0.0831***	0.0763**	0.0412	0.1929***	0.0277	0.0445	**1.0000**					
Gender	-0.0203	-0.0823***	-0.0126	-0.0877***	-0.0964***	-0.0052	-0.1297***	**1.0000**				
Big4	-0.0148	-0.0772***	-0.0406	0.0460	0.0103	0.0802***	-0.0363	0.0437	**1.0000**			
IndExp	0.0746**	0.0253	0.0257	0.1151***	0.0456	0.0225	0.0647**	-0.1002***	-0.3405***	**1.0000**		
Office	0.1425***	0.0095	-0.0298	0.1718***	0.1010***	0.1144***	0.0942***	0.0629**	0.6224***	-0.1808***	**1.0000**	
Age	0.3056***	0.0922***	0.0256	0.2038***	0.1055***	0.0530*	0.1079***	-0.1069***	0.1134***	0.1154***	0.2071***	**1.0000**
Size	0.2549***	0.0808***	0.0561*	0.2612***	0.1963***	0.1123***	0.1635***	-0.1347***	0.3564***	0.1062***	0.5251***	0.3659***
OCF	0.0727**	-0.0213	0.0227	0.0184	-0.0171	-0.0079	0.0166	-0.0178	0.0844***	-0.0525*	0.1327***	0.1128***
Lev	0.1020***	0.0958***	0.0642**	0.0792***	0.0861***	-0.0194	0.0593**	0.0023	0.0727**	0.0658**	0.1481***	0.0799***
pBank	0.0611**	0.0616**	0.0210	0.0533*	0.0720**	-0.0216	0.0422	0.0194	0.0696**	0.0482	0.0925***	-0.0092
Growth	-0.0917***	-0.0166	-0.0209	0.0099	-0.0092	-0.0290	-0.0324	0.0223	-0.0457	-0.0283	-0.0540*	-0.1167***
MB	-0.0006	-0.0238	-0.0314	-0.0166	-0.0329	-0.0129	0.0633**	-0.0325	0.0604**	-0.1087***	0.0411	0.0826***
Tax	-0.0228	-0.0410	-0.0327	-0.0577*	-0.0216	0.0565*	0.0248	-0.0371	-0.0044	-0.0413	-0.0125	0.0974***
AC	0.1782***	0.0203	0.0349	0.1106***	0.1368***	0.0960***	0.0235	-0.0371	0.3221***	-0.0077	0.3976***	0.2952***
Lag	-0.1437***	-0.0483	-0.0481	-0.1556***	-0.0785***	-0.1030***	-0.0911***	0.0240	-0.2312***	-0.0491*	-0.3315***	-0.1777***
Busy	0.0209	-0.0289	0.0365	-0.0216	-0.0098	0.0531*	-0.0076	0.0674**	0.0575*	-0.0778***	0.0270	0.0112
NoE	0.2084***	0.0997***	0.0658**	0.2042***	0.1329***	0.1125***	0.1398***	-0.1535***	0.2786***	0.0614**	0.4021***	0.2615***
Std	0.1006***	0.0588**	0.0407	0.1800***	0.1259***	0.1143***	0.0946***	-0.1335***	0.2294***	0.0728**	0.3140***	0.1856***

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

Table 27 continued

	Size	*OCF*	*Lev*	*pBank2*	*Growth*	*MB*	*Tax*	*AC*	*Lag*	*Busy*	*NoE*	*Std*
Size	**1.0000**											
OCF	0.0784***	**1.0000**										
Lev	0.3529***	-0.1434***	**1.0000**									
pBank	0.2026***	-0.3614***	0.8727***	**1.0000**								
Growth	-0.0172	0.1005***	-0.0786***	-0.2040***	**1.0000**							
MB	0.1012***	0.2642***	-0.1259***	-0.2191***	0.2061***	**1.0000**						
Tax	0.0369	0.4115***	-0.2160***	-0.3956***	0.2253***	0.4013***	**1.0000**					
AC	0.5739***	0.0538*	0.2412***	0.1921***	-0.0870***	0.0213	-0.0476	**1.0000**				
Lag	-0.4079***	-0.1367***	-0.0061	0.0610**	0.0339	-0.1637***	-0.0581*	-0.3055***	**1.0000**			
Busy	-0.0568*	0.0149	-0.0401	-0.0134	-0.0105	0.0543*	-0.0118	-0.0402	0.0061	**1.0000**		
NoE	0.7783***	0.1151***	0.2256***	0.0950***	0.0372	0.2397***	0.1108***	0.4650***	-0.3937***	-0.0066	**1.0000**	
Std	0.6224***	0.0217	0.2127***	0.1335***	0.0092	0.1057***	0.0541*	0.3380***	-0.2320***	-0.0280	0.7456***	**1.0000**

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

5.3.4 Multivariate Analysis

Univariate results do not suggest that audit firm tenure, engagement partner tenure, and review partner tenure are associated with the probability of meeting or just beating analysts' forecasts. The results, however, do not control for possible other factors that might influence the probability of meeting or just beating analysts' forecasts. Therefore, I perform a multivariate analysis.

5.3.4.1 Analysis at Audit Firm Level

Table 28 shows the results of the regression analysis of the effect of audit firm tenure on the probability of meeting or just beating analysts' forecasts.[765] The Hosmer-Lemeshow test indicates a good model specification ($\chi^2 = 6.6852$ and $p = 0.5709$). The Nagelkerke R^2 equals to 0.2089, which is within the range of the explanatory power reported in prior studies[766] Audit firm-specific variables are not significant predictors of the probability of meeting or just beating analysts' forecasts. Hence, the finding of the univariate analysis that clients are more likely to meet or just beat analysts' forecasts when being audited by smaller audit offices cannot be corroborated in the multivariate analysis. From the set of variables controlling for client-specific characteristics, the results suggest that clients with higher levels of operating cash flow, lower market-to-book ratios, and lower analysts' forecasts dispersion are more likely to meet or just beat analysts' forecasts. Furthermore, there is weak evidence that clients with higher growth rates in sales are also more likely to meet or just beat analysts' forecasts. With regard to the test variable, *FT* is positive and insignificant.

---

765 To conserve space, I do not report the results for the year and industry dummies The year dummies for the fiscal years 2008 and 2009 are insignificant. Cf. Appendix 145.

766 *Davis et al.* (2009) report a lower explanatory power (approximately 0.16), whereas *Quick/Wiemann* (2012) report a higher explanatory power (approximately 0.30). Cf. *Davis et al.* (2009), pp. 533 f.; *Quick/Wiemann* (2012), p. 1125.

Table 28

Results from the Regression of MBE_{FE} on Audit Firm Tenure and Control Variables

$$MBE_{FE} = \beta_0 + \beta_1 \mathbf{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} Tax + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + \beta_{16} NoE + \beta_{17} Std + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald	
Test Variable				
FT	+/-	0.0301	0.8968	
Audit Firm-Specific Variables				
Big4	-	-0.1259	0.1502	
IndExp	-	-0.4027	0.7960	
Office	-	-0.0540	0.8413	
Client-Specific Variables				
Age	+/-	0.0663	0.3074	
Size	+	-0.0836	0.5313	
OCF	+	2.5313	4.2761	**
Lev	+	-0.2014	0.0064	
pBank	+	-0.1432	0.1598	
Growth	+	0.7879	3.4909	*
MB	+	-0.1688	5.5299	**
Tax	-	-1.7000	0.2676	
AC	-	0.1576	0.3965	
Lag	+/-	-0.0262	0.0061	
Busy	+	-0.2282	0.5564	
NoE	+	0.0353	1.8417	
Std	-	-9.8177	15.2900	***
Intercept		0.2276	0.0082	
Nagelkerke R^2		0.2089		
Number of Obs.		1125		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

Since the tenure effect may be more pronounced in the initial or later periods of audit firm tenure, i.e. there is a non-monotonic relationship between audit firm tenure and the probability of meeting or just beating analysts' forecasts, I estimate equation (20) by replacing the continuous variable *FT* with the dummy variables FT_{Short} or FT_{Long} (→ 4.2.1). Table 29 presents the results.[767]

[767] I do not report the results for the remaining variables since they remain qualitatively unchanged. Cf. Appendices 146-147.

Table 29

Results from Regressions of MBE_{FE} on Dummy Variables for Short or Long Audit Firm Tenure and Control Variables

$$MBE_{FE} = \beta_0 + \beta_1 \boldsymbol{FT_{Short}/FT_{Long}} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} Tax + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + \beta_{16} NoE + \beta_{17} Std + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff. (Wald)	
FT_{Short} = 1 if $FT \leq 3$			
FT_{Short}	+/-	-0.4886 (4.4054)	**
Nagelkerke R^2		0.2143	
Number of Obs.		1125	
FT_{Long} = 1 if $FT \geq 11$			
FT_{Long}	+/-	0.0340 (0.0082)	
Nagelkerke R^2		0.2075	
Number of Obs.		1125	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The coefficient on FT_{Short} is negative and significant (p =0.0358) and FT_{Long} is insignificant. Thus, clients are less likely to meet or just beat analysts' expectations in the early periods of audit firm tenure.[768] To add more confidence to the reported results, I estimate equation (20) with the previously defined alternative cut-off points for short and long audit firm tenure (→ 5.1.4.1). The coefficient on FT_{Short2} is negative and becomes insignificant. Hence, the previously observed negative effect of short audit firm tenure on the probability of meeting or just beating analysts' forecasts is sensitive to the cut-off point used to define short audit firm tenure. The coefficients testing the effect of extended audit firm tenure (FT_{Long7}, FT_{Long8}, FT_{Long9}, and FT_{Long10}) remain insignificant.[769] Together, these results provide only limited evidence that the probability of meeting or just beating analysts' forecasts is lower in the early periods of audit firm tenure.

---

768 I also estimate equation (20) by including FT_{Short} and FT_{Long} to test a possible U-shaped form. The results do not suggest the presence of a U-shaped form. Cf. Appendix 148.

769 Cf. Appendices 149-153.

Sensitivity Analyses

I run a battery of sensitivity analyses to check the robustness of the results. First, I use the median consensus of analysts' forecasts to identify benchmark beating clients.[770] The coefficient on FT_{Short} becomes insignificant. The remaining tenure related variables are insignificant. Second, I change the cut-off point for meeting or just beating analysts' forecasts from 2 cents to 1 cent.[771] The results are similar to the reported results in the primary analysis. Third, I exclude clients that are likely to have engaged in real earnings management since research indicates that managers also take real economic actions in order to meet or just beat targeted benchmarks.[772] Not excluding such clients could bias the results since it is not within the scope of the auditor's responsibilities to prevent managers from taking (possibly disadvantageous) real economic actions. In order to identify clients that are likely to have engaged in real earnings management, I follow the approach employed by *Roychowdhury* (2006).[773] Accordingly, abnormal levels of sales manipulation, i.e. "*accelerating the timing of sales and/or generating unsustainable sales through increased price discounts or more lenient credit terms*",[774] abnormal levels of reduction of discretionary expenditures, as well as abnormal levels of overproduction to reduce the cost of goods sold are indicators of real economic actions taken by managers.[775] In line with *Cohen et al.* (2008), I combine the three different indicators of real earnings management to a comprehensive score, which is calculated as the sum of the three standardized indicators.[776] I delete observations that are within the highest and lowest decile per year and industry since I argue that these clients are most likely to have engaged in real earnings management.[777] The coefficient on FT_{Short} becomes

---

770 The number of observations where $MBE_{FE} = 1$ increases to 142 observations.
771 The number of observations where $MBE_{FE} = 1$ decreases to 83 observations.
772 Cf. *Graham et al.* (2005), pp. 32 ff.
773 Cf. *Roychowdhury* (2006), pp. 335 ff.
774 *Ibid.*, p. 339.
775 Methodologically, the abnormal level of sales manipulation, the abnormal level of the reduction of discretionary expenditures and the abnormal level of overproduction are calculated similar to the approach used to calculate discretionary accruals. Cf. *Roychowdhury* (2006), pp. 344 f.
776 Cf. *Cohen et al.* (2008), p. 766.
777 The sample size is reduced to 834 observations (from 1125 observations), with 96 observations (from 122 observations) where analysts' forecasts are met or just beaten.

insignificant, whereas the remaining tenure related variables are insignificant as well. Thus, the previously reported finding that clients are less likely to meet or just beat analysts' forecasts within the first three engagements of the audit firm cannot be corroborated. Therefore, it cannot be ruled out that the results of the primary analysis may be to a certain extent confounded by clients that are likely to have engaged in real earnings management. Fourth, I exclude observations of clients that "frequently" meet or just beat analysts' forecasts as well as companies that "frequently" switch audit firms.[778,779] "Frequently" meeting or just beating analysts' forecasts makes an audit firm switch less likely, whereas excluding observations of companies that "frequently" switch audit firms reduces the risk that the results are biased by "frequent" audit firm switchers being less/more likely to meet or just beat analysts' forecast. The results are similar to the results reported in the primary analysis. And fifth, following the approach of *Menon/Williams* (2004) and *Carey/Simnett* (2006), I also investigate whether audit firm tenure is associated with the probability of just missing analysts' forecasts.[780] If clients that just fall short of meeting or just beating the heuristic target are granted more/less discretion, then a lower/higher proportion of clients just missing the heuristic target is expected. The coefficients on the tenure related variables are insignificant.[781]

The results of the sensitivity analyses do not fully support the findings of the primary analysis. Therefore, there is at best limited evidence that the probability of meeting or just beating analysts' forecasts is lower in the initial periods of audit firm tenure, thus not supporting Hypothesis H1.

---

778 Clients are classified as frequently meeting or just beating analysts' forecasts if having more than two observations in the sample period and meet or just beat analysts' forecasts at least every other year. There are five clients that meet these criteria. The sample size is reduced to 1102 observations (from 1125 observations), with 107 observations (from 122 observations) where analysts' forecasts are met or just beaten.

779 A company is classified as a frequent switcher if having switched audit firms at least two times during the sample period. The sample size is reduced to 1015 observations (from 1125 observations), with 115 observations (from 122 observations) where analysts' forecasts' are met or just beaten.

780 Cf. *Menon/Williams* (2004), pp. 1106 ff.; *Carey/Simnett* (2006), pp. 668 ff.

781 For a complete overview of the results from the sensitivity analyses, see Appendices 154-169.

Moderator Analyses

To examine whether the effect of audit firm tenure differs across different audit firm-specific traits and client sizes, I run moderator analyses (→ 5.1.4.1). The coefficients on the interaction terms *FT*Big4*, *FT*IndExp*$_D$, *FT*Office*$_D$ and *FT*Size*$_D$ are insignificant. Thus, the results fail to provide evidence that the effect of audit firm tenure is contingent on audit firm sizes, different levels of industry expertise, different audit office sizes and different client sizes.[782]

5.3.4.2 Analysis at Audit Partner Level

Table 30 shows the results of the regression used to test the relation between engagement and review partner tenure and the probability of meeting or just beating analysts' forecasts.[783] The Hosmer-Lemeshow test indicates a good model specification (χ^2 = 4.5585 and p = 0.8036). The Nagelkerke R^2 equals to 0.2263, which is comparable to the explanatory power reported in *Carey/Simnett* (2006).[784] Consistent with the findings of the univariate analysis, I find strong evidence that the probability of meeting or just beating analysts' forecasts decreases with increasing work experience of the review partner. With regard to the test variables, the coefficients on *EPT* and *RPT* are both positive and insignificant.

---

782 The coefficient on *FT*Big4* equals to 0.0452 (p = 0.4405), on *FT*IndExp*$_D$ to -0.0310 (p = 0.6035), on *FT*Office*$_D$ to -0.0131 (p = 0.8304), and on *FT*Size*$_D$ to -0.0043 (p = 0.9422). The results remain similar when running the moderator analyses with the dichotomous variable *FT*$_{Short}$. The coefficient on *FT*$_{Short}$**Big4* equals to -0.4243 (p = 0.3414), on *FT*$_{Short}$**IndExp*$_D$ to 0.7339 (p = 0.0988), on *FT*$_{Short}$**Office*$_D$ to -0.0972 (p = 0.8380), and on *FT*$_{Short}$**Size*$_D$ to 0.1842 (p = 0.7068).

783 Since the results with regard to the audit firm-specific and client-specific characteristics remain qualitatively unchanged, I do not report them to conserve space. Cf. Appendix 170.

784 *Carey/Simnett* (2006) report an explanatory power of 0.21 using prior year's earnings as the heuristic target. For the profit threshold, the explanatory power is with 0.09 considerably lower. Cf. *Carey/Simnett* (2006), pp. 670 f.

Table 30

Results from the Regression of MBE_{FE} on Audit Partner Tenure and Control Variables

$$MBE_{FE} = \beta_0 + \beta_1\mathbf{EPT} + \beta_2\mathbf{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Size + \beta_{12} OCF + \beta_{13} Lev + \beta_{14} pBank + \beta_{15} Growth + \beta_{16} MB + \beta_{17} Tax + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + \beta_{21} Age + \beta_{22} NoE + \beta_{23} Std + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald	
Test Variables				
EPT	+/-	0.0734	1.2162	
RPT	+/-	0.0700	0.9446	
Audit Partner-Specific Variables				
EP_{Exp}	-	0.0084	0.1380	
RP_{Exp}	-	-0.0520	8.0166	***
$EP_{Ability}$	-	-0.1072	0.0521	
$RP_{Ability}$	-	0.1309	0.2707	
Gender	+/-	-0.2331	0.8457	
Nagelkerke R^2		0.2263		
Number of Obs.		1125		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

As at audit firm level, the effect of audit partner tenure may be more pronounced in the initial or later periods of audit partner tenure. Therefore, I estimate equation (21) by replacing the continuous variables *EPT* and *RPT* with the dummy variables EPT_{Short} and RPT_{Short} or EPT_{Long} and RPT_{Long} (→ 4.2.1). Table 31 presents an overview of the findings.[785] The coefficient on EPT_{Short} is negative and marginally significant (p = 0.0536). The variables EPT_{Long}, RPT_{Short} and RPT_{Long} are insignificant.[786] To add more confidence to the reported results, I estimate equation (21) with the previously defined alternative cut-off points (→ 5.1.4.1). The coefficient on EPT_{Short2} becomes insignificant, whereas EPT_{Long5} becomes significant and is positive (coeff. = 0.5706, p = 0.0304).

785 The results with regard to the control variables remain qualitatively unchanged. Cf. Appendices 171-172.

786 I also run equation (21) by including EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long} to test a possible U-shaped form. The results do not suggest the presence of a U-shaped form. Cf. Appendix 173.

Table 31

Results from Regressions of MBE_{FE} on Dummy Variables for Short or Long Audit Partner Tenure and Control Variables

$$MBE_{FE} = \beta_0 + \beta_1 \boldsymbol{EPT_{Short}/EPT_{Long}} + \beta_2 \boldsymbol{RPT_{Short}/RPT_{Long}} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Size + \beta_{12} OCF + \beta_{13} Lev + \beta_{14} pBank + \beta_{15} Growth + \beta_{16} MB + \beta_{17} Tax + \beta_{18} AC + \beta_{19} Lag + \beta_{20} Busy + \beta_{21} Age + \beta_{22} NoE + \beta_{23} Std + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff. (Wald)	
EPT_{Short}/RPT_{Short} = 1 if $EPT/RPT \leq 3$			
EPT_{Short}	+/-	-0.4901 (3.7249)	*
RPT_{Short}	+/-	-0.2500 (0.9601)	
Nagelkerke R^2		0.2323	
Number of Obs.		1125	
EPT_{Long}/RPT_{Long} = 1 if $EPT/RPT \geq 6$			
EPT_{Long}	+/-	0.1615 (0.1831)	
RPT_{Long}	+/-	0.3723 (0.9955)	
Nagelkerke R^2		0.2235	
Number of Obs.		1125	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests*

Together, these results provide only limited evidence that the probability of meeting or just beating analysts' forecasts is lower in the initial periods of engagement partner tenure and higher in the later periods.[787]

Sensitivity Analyses

To test the robustness of the results, I run various sensitivity analyses. First, I exclude observations where $FT \leq 3$ to minimize the risk that the observed results are confounded by short audit firm tenure (→ 5.1.4.2).[788,789] The coefficients on EPT_{Short} and EPT_{Long5} become insignificant. The remaining tenure related variables are insignificant as well. Thus, it cannot be ruled out that the previously reported negative/positive effect of short/long engagement partner

787 For an overview of the results, see. Appendices 174-175.

788 Excluding observations with $FT \leq 3$ removes a great part of the correlation in the sample. The Spearman correlation of *FT* and *EPT* drops from 0.3477 to -0.0792. The correlation between *FT* and *RPT* drops from 0.3519 to -0.0981.

789 The sample size is reduced to 747 observations, with 90 observations where analysts' forecasts are met or just beaten.

tenure on the probability of meeting or just beating analysts' forecasts are confounded to a certain extent by short audit firm tenure. Second, I use the median consensus of analysts' forecasts to identify benchmark beating clients. The coefficients on the tenure related variables are with the exception of *RPT* insignificant (*RPT*: coeff. = 0.1206, p = 0.0674). The results remain qualitatively unchanged when using the alternative cut-off points. Third, I change the cut-off point for meeting or just beating analysts' forecasts from 2 cents to 1 cent. The coefficient on RPT_{Short} becomes marginally significant and is negative (coeff. = -0.6049, p = 0.0519), whereas EPT_{Short} and EPT_{Long5} become insignificant. The coefficient on RPT_{Long} and the coefficients on the alternative cut-off points remain insignificant. Fourth, I exclude clients that are likely to have engaged in real earnings management (→ 5.3.4.1). The results are again similar to the reported results of the primary analysis. Fifth, I exclude observations of clients that "frequently" meet or just beat analysts' forecasts. The results are similar to the results reported in the primary analysis. And sixth, I run the analyses with clients just missing analysts' forecasts. The coefficients on the tenure related variables are insignificant. I also estimate equation (21) with the tenure of the audit partner team. The coefficients on *Team* and $Team_{Long}$ are insignificant, whereas $Team_{Short}$ is negative and significant (coeff. = -0.5889, p = 0.0177). When redefining the cut-off points, $Team_{Short2}$ becomes insignificant, while $Team_{Long5}$ is positive and becomes marginally significant (coeff. = 0.6560, p = 0.0595).

Overall, the results of the sensitivity analyses cannot fully corroborate the results of engagement partner tenure in the primary analysis.[790] Hence, there is no convincing evidence that the probability of meeting or just beating analysts' forecasts decreases with increasing engagement partner tenure. With regard to review partner tenure, the results of the primary and sensitivity analyses are similar. Hypotheses H2a and H2b are therefore not supported.

---

[790] For a complete overview of the results from the sensitivity analyses, see Appendices 176-195.

Moderator Analyses

Analogously to the moderator analyses at audit firm level, I examine whether the effect of engagement and review partner tenure differs across different audit firm-specific characteristics and different client sizes. The coefficients on the interaction terms are with the exception of $EPT*Office_D$ insignificant. The coefficient on $EPT*Office_D$ is negative and marginally significant (coeff. = -0.2542, p = 0.0624), which provides weak evidence that engagement partners from larger audit offices are less likely to be associated with clients meeting or just beating analysts' forecasts with ongoing tenure compared to engagement partner from smaller audit offices. Overall, I do not find convincing evidence that different audit firm-specific characteristics and different client sizes have moderating effects on engagement and review partner tenure. Furthermore, the results do not suggest that the effect of engagement and review partner tenure is contingent on the level of work experience.[791]

Interaction of Engagement and Review Partner Tenure

To investigate a possible interaction effect between engagement and review partner tenure (→ 5.1.4.2), I estimate equation (21) with the interaction term *EPT*RPT*. The coefficient is insignificant (coeff. = -0.0174, p = 0.6084). Hence, the presence of an interaction effect cannot be substantiated.

5.3.4.3 Joint Analysis

Table 32 presents the results of the joint effect of audit firm, engagement partner and review partner tenure on the probability of meeting or just beating analysts' forecasts.[792]

---

791 For an overview of the results, see Appendix 196. When running the moderator analyses with the dummy variable EPT_{Short} and RPT_{Short}, the coefficients on the interaction terms are with the exception of $RPT_{Short}*Office_D$ (coeff. = 0.7580, p = 0.0975) insignificant. Cf. Appendix 197.

792 To conserve space, I do not report the results of the audit partner-specific, audit firm-specific and client-specific variables since they remain qualitatively unchanged. Cf. Appendices 198-200.

Table 32

Results from the Regressions of MBE_{FE} on Audit Firm and Audit Partner Tenure and Control Variables

$$MBE_{FE} = \beta_0 + \beta_1 \mathbf{FT_{Short}/FT_{Long}} + \beta_2 \mathbf{EPT_{Short}/EPT_{Long}} + \beta_3 \mathbf{RPT_{Short}/RPT_{Long}} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} Tax + \beta_{19} AC + \beta_{20} Lag + \beta_{21} Busy + \beta_{22} Age + \beta_{23} NoE + \beta_{24} Std + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	Wald
Continuous Approach			
FT	+/-	0.0091	0.0665
EPT	+/-	0.0689	0.9590
RPT	+/-	0.0662	0.8061
Nagelkerke R^2		0.2264	
Number of Obs.		1125	
Dummy Approach: Short			
FT_{Short}	+/-	-0.2858	1.0211
EPT_{Short}	+/-	-0.3973	2.2420
RPT_{Short}	+/-	-0.1552	0.3408
Nagelkerke R^2		0.2338	
Number of Obs.		1125	
Dummy Approach: Long			
FT_{Long}	+/-	-0.0260	0.0049
EPT_{Long}	+/-	0.1626	0.1822
RPT_{Long}	+/-	0.3734	0.9968
Nagelkerke R^2		0.2235	
Number of Obs.		1125	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests*

The Hosmer-Lemeshow test using the continuous approach indicates a good model fit ($\chi^2 = 6.3677$, $p = 0.6061$).[793] The Nagelkerke R^2 is 0.2264. The test variables, *FT*, *EPT* and *RPT* are positive and insignificant. The results testing a non-monotonic relationship do not provide evidence that short and long audit firm and audit partner tenure are associated with the probability of meeting or just beating analysts' forecasts. When estimating equation (22) with the alternative cut-off points, solely the coefficient on EPT_{Long5} becomes significant (at $p < 0.05$) and has a positive sign.[794] Together, the results do not suggest that audit firm tenure is associated with the probability of meeting or just

793 The test statistics of the Hosmer-Lemeshow test using the dummy approach are insignificant as well.

794 For an overview of the results, see Appendices 201-205.

beating analysts' forecasts after controlling for engagement and review partner tenure. Furthermore, the results provide at best limited evidence that the probability of meeting or just beating analysts' forecasts is higher in the later periods of engagement partner tenure, whereas review partner tenure is not a significant predictor.

Sensitivity Analyses

I check the robustness of the results by running several sensitivity analyses. First, I use the median consensus of analysts' forecasts. The coefficients on the tenure related variables are with the exception of *RPT* (coeff. = 0.1322, p = 0.0681) insignificant. Second, I change the cut-off point for meeting or just beating analysts' forecasts from 2 cents to 1 cent. The coefficients on the tenure related variables are with the exception of FT_{Long9} (coeff. = -0.6137, p = 0.0595) insignificant. Third, I exclude clients that are likely to have engaged in real earnings management. The results remain with the exception of FT_{Short2} qualitatively unchanged. The coefficient on FT_{Short2} becomes significant and is negative (coeff. = -0.6799, p = 0.0466). Fourth, I exclude clients that "frequently" meet or just beat analysts' forecasts. The results are similar to the results reported in the primary analysis. I also run the analysis by excluding "frequent" audit firms switchers. The results with regard to EPT_{Long5} become weaker, whereas the remaining tenure related variables are insignificant. And fifth, I estimate equation (22) with clients just missing analysts' forecasts. The tenure related variables are insignificant, which suggests that engagement partner and review partner tenure are not associated with the probability of just missing analysts' forecasts. I also run equation (22) with the tenure of the audit partner team. The coefficients on FT_{Short} and $Team_{Short}$ are negative and marginally significant (FT_{Short}: coeff. = -0.4011, p = 0.1000; $Team_{Short}$: coeff. = -0.4433, p = 0.0915), whereas $Team_{Long}$ is insignificant. When running equation (22) with the alternative cut-off points, solely the coefficient on $Team_{Long5}$ is marginally significant and has a positive sign. Overall, the results of the sensitivity analyses are with regard to audit firm and review partner tenure consistent with the results of the primary analyses. The

results of engagement partner tenure in the primary analysis, however, cannot be fully corroborated in the sensitivity analyses. [795]

Further Analysis

To investigate whether audit firm tenure moderates the effect of audit partner tenure, I run a three-way interaction analysis with the variables *FT*, *EPT* and *RPT* (→ 5.1.4.3). Table 33 shows the effect of increasing engagement and review partner tenure (*EPT*RPT*) on the probability of meeting or just beating analysts' forecasts at various points of audit firm tenure.

Table 33

Effect of Engagement and Review Partner Tenure on the Probability of Meeting or Just Beating Analysts' Forecasts at Various Points of Audit Firm Tenure

	EPT*RPT		
FT	**Coeff.**	**Wald**	
1	-0.1837	4.4832	**
2	-0.1565	4.3500	**
3	-0.1293	4.0994	**
4	-0.1020	3.6311	*
5	-0.0748	2.7931	*
6	-0.0476	1.5243	
7	-0.0203	0.3157	
8	0.0069	0.0319	
9	0.0341	0.5816	
10	0.0613	1.3144	
11	0.0886	1.9275	
12	0.1158	2.3851	
13	0.1430	2.7205	*
14	0.1702	2.9693	*
15	0.1975	3.1580	*
16	0.2247	3.3041	*
17	0.2519	3.4199	*

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests*

The results show that increasing engagement and review partner tenure has a negative effect on the probability of meeting or just beating analysts' forecasts and that the negative effect decreases with ongoing audit firm tenure. Whether the differences of the effect of engagement and review partner tenure at various points of audit firm tenure are significant is indicated by the three-

[795] For a complete overview of the results, see Appendices 206-229.

way interaction term *FT*EPT*RPT*. The coefficient on *FT*EPT*RPT* equals to 0.0272 and is significant (p = 0.0382). Therefore, the differences of the effect of engagement and review partner tenure at various points of audit firm tenure are significant. Similar to the results presented in the going-concern analysis (→ 5.1.4.3), the results can be interpreted as follows: Limited quasi-rents lead to a higher level of independence of audit partners by decreasing the probability of meeting or just beating analysts' forecasts. Potentially unlimited quasi-rents at audit firm level, however, lead to the deterioration of audit quality, i.e. a higher probability of meeting or just beating analysts' forecasts. The interests of the audit firm "trickle down" to individual audit partner level, which moderate the positive effect of increasing audit partner tenure on audit quality.[796]

Although the results of the primary and sensitivity analyses fail to find evidence linking the probability of meeting or just beating analysts' forecasts with audit firm tenure (after controlling for engagement partner tenure and review partner tenure), further analysis suggests that this finding is due to opposing effects of audit firm and audit partner tenure on the probability of meeting or just beating analysts' forecasts. The three-way interaction term is positive and significant, which indicates that increasing audit firm tenure has a positive effect on the probability of meeting or just beating analysts' forecasts by positively affecting the probability of meeting or just beating analysts' forecasts at audit partner level. Thus, there is evidence that audit quality deteriorates with increasing audit firm tenure, which supports Hypothesis 3.

---

796 The results remain qualitatively unchanged when running the analysis with the median consensus analysts' forecasts (coeff. =0.0166, p = 0.0681), when changing the cut-off point from 2 cents to 1 cent (coeff. = 0.0359, p = 0.0203), and when excluding observations of clients that "frequently" meet or just beat analysts' forecasts (coeff. = 0.0200, p = 0.0401). The three-way interaction term is positive and approaches significance when excluding clients that are likely to have engaged in real earnings management (coeff. = 0.0251, p = 0.1234) and when excluding observations of clients that "frequently" switch audit firms (coeff. = 0.0148, p = 0.1254).

5.3.5 Summary of the Results

The above-presented results provide at best limited evidence that the probability of meeting or just beating analysts' forecasts is lower in the initial periods of audit firm tenure. Therefore, there is no convincing evidence that audit quality is associated with audit firm tenure.[797] At audit partner level, there is no convincing evidence that the probability of meeting or just beating analysts' forecasts is associated with engagement partner tenure. Similarly, the results do not provide evidence that review partner tenure is associated with the probability of meeting or just beating analysts' forecasts. Therefore, the results fail to establish a link between engagement and review partner tenure and audit quality.[798,799] The findings are somewhat more difficult to compare to prior evidence since prior studies use different benchmarks. For example, *Carey/Simnett* (2006) and *Quick/Wiemann* (2012) use the profit threshold and prior year's earnings as the heuristic target. *Davis et al.* (2009) also use analysts' forecasts as the heuristic target, but use a different approach to identify benchmark beating companies (→ 3.2.2).

I also test whether the effect of audit firm tenure and audit partner tenure is contingent on different audit firm-specific traits (audit firm size, industry expertise and audit office size) and different client sizes. The results do not provide convincing evidence that the effect of audit firm tenure and audit partner tenure differs across different audit firm-specific traits and different client sizes. Furthermore, I do not find evidence that the effect of audit partner tenure is contingent on the work experience.

Since results of the effect of audit firm tenure on audit quality may be subject to omitted variable bias when not controlling for the effect of audit partner

---

797 For an overview of the results with regard to the test variables at audit firm level, see Appendix 230.

798 For an overview of the results with regard to the test variables at audit partner level, see Appendix 231.

799 To my knowledge, there is no published study that investigates the effect of audit partner tenure on the probability of meeting or just beating analysts' forecasts. Solely *Carey/Simnett* (2006) provide evidence using the profit threshold and prior year's earnings. They report no association between audit firm tenure and the profit threshold, and a lower probability of meeting or just beating prior year's earnings in the initial periods of audit partner tenure (→ 3.2.2).

tenure (and vice versa),[800] I test the effect of audit firm tenure on the probability of meeting or just beating analysts' forecasts after controlling for engagement and review partner tenure. The results do not provide evidence that audit firm tenure is associated with audit quality after controlling for engagement and review partner tenure.[801] Further analysis, however, indicates the presence of an interaction effect between audit firm tenure and audit partner tenure. The results suggest that increasing engagement and review partner tenure is associated with a lower probability of meeting or just beating analysts' forecasts (possibly due to the effects of a mandatory rotation requirement) and that increasing audit firm tenure moderates the negative effect of increasing engagement and review partner tenure. Hence, increasing audit firm tenure has detrimental effects on audit quality by negatively impacting audit quality at audit partner level. In sum, the results suggest that increasing audit firm tenure is associated with lower audit quality.

---

800 Cf. *Bedard/Johnstone* (2010), p. 68.

801 For an overview of the results with regard to the test variables in the joint analysis, see Appendix 232.

5.4 Analysis IV: Discretionary Accruals

5.4.1 Method and Model Specification

The last proxy is the magnitude of the discretionary accruals. As previously discussed, various prediction models have been put forward in order to extract the discretionary from the non-discretionary component of the total accruals. However, there is little evidence corroborating the superiority of a specific prediction model.[802] Therefore, I use the following selection process. First, I estimate the previously discussed prediction models (→ 3.1.2.5.2) in each industry[803] and fiscal year t with a minimum of 10 observations.[804] Second, I multiply the number of the observations used in each industry-year regression with the corresponding *Adj. R^2*. The sum of the different products is then divided by the number of total observations. Third, in line with *McNichols* (2002) and *Ball/Shivakumar* (2006) I assess the fitness of the prediction models by their explanatory power.[805] The model with the highest average explanatory power is then used in the discretionary accruals analysis. From the estimated prediction models, the model proposed by *Ball/Shivakumar* (2006) based on the DDM and using the level of cash flows as the loss proxy (→ equation (10)) has the overall highest average *Adj. R^2*.[806] Table 34 reports the results of the industry-year cross-sectional regressions.

---

802 Cf. *Lim/Tan* (2010), p. 934.

803 Cf. I use the industry classification as defined in *Frankel et al.* (2002). Cf. *ibid.*, p. 102.

804 Cf. *Ronen/Yaari* (2008), p. 417. I use a cross-sectional estimation since empirical evidence indicates the superiority of the cross-sectional estimation (→ 3.1.2.5.2).

805 Cf. *McNichols* (2002), p. 65; *Ball/Shivakumar* (2006), p. 210.

806 The cross-sectional estimation of the coefficients assumes that companies in the same industry behave homogeneously. Hence, an effective grouping of companies with homogeneous operating characteristics is necessary to estimate more accurately the discretionary accruals. Therefore, I also use the two-digit SIC code and the industry classification proposed by *Ernstberger et al.* (2013). The *Adj. R^2* is highest for the industry classification according to *Frankel et al.* (2002). Cf. *Ronen/Yaari* (2008), p. 417; *Ernstberger et al.* (2013), p. 13; *Hrazdil/Scott* (2013), p. 16. For an overview, see Appendix 233.

Table 34

Coefficient Estimates of Accruals Prediction Model

Variable		Coeff.	t-stats	
Intercept	β_0	-0.024	-1.1038	
$1/A_{t-1}$	β_1	-74.0651	-0.1089	
OCF_{t-1}/A_{t-1}	β_2	0.1759	1.5065	
OCF_t/A_{t-1}	β_3	-0.6334	-3.5780	**
OCF_{t+1}/A_{t-1}	β_4	0.1736	1.2844	
$DOCF_t/A_{t-1}$	β_5	0.0058	-0.1214	
$(DOCF_t*OCF_t)/A_{t-1}$	β_6	0.5590	0.2782	
Average Adj. R^2			0.3971	
Average F-Value			10.0583	
Obs.			1848	

Notes:

The table shows the mean values (weighted by the number of observations) from annual cross-sectional regressions. The used prediction model is the model proposed by *Ball/Shivakumar* (2006), which is based on the model proposed by *Dechow/Dichev* (2002) and incorporates in addition the operating cash flow as the loss proxy.

$$TA_t/A_{t-1} = \beta_0 + \beta_1(1/A_{t-1}) + \beta_2(OCF_{t-1}/A_{t-1}) + \beta_3(OCF_t/A_{t-1}) + \beta_4(OCF_{t+1}/A_{t-1}) + \beta_5(DOCF_t/A_{t-1}) + \beta_6[(DOCF_t*OCF_t)/A_{t-1}] + \varepsilon_t$$

TA is total accruals calculated as net income before extraordinary items less operating cash flow; *OCF* is the operating cash flow at year t-1, t and t+1; $DOCF_t$ is a dummy variable that takes the value 1 if the operating cash flow is negative, and 0 otherwise. All variables are scaled by prior year's total assets (A_{t-1}). *, **,*** denote the significance levels at 0.1, 0.05 and 0.01 (two-tailed tests).

The average *Adj. R^2* equals to 0.3971 and exceeds the value reported in *Ball/Shivakumar* (2006) by approximately 0.1300.[807] Furthermore, the *F-Test* also indicates that the prediction model is well-specified (F-Value = 10.0583, p = 0.0280). The mean coefficients[808] β_2, β_3, and β_4 have the expected signs.[809] The interaction term β_6 is as expected positive, which indicates a more timely recognition of losses.[810,811]

807 Cf. *Ball/Shivakumar* (2006), p. 220.

808 The mean coefficients are calculated in the same manner as the mean *Adj. R^2*.

809 Cf. *Dechow/Dichev* (2002), pp. 40 f. No prediction of the direction for β_5 is made. But if anything the sign of the coefficient should be positive. Cf. *Ball/Shivakumar* (2006), p. 220.

810 Cf. *Ball/Shivakumar* (2006), p. 221.

811 The insignificance of the mean coefficients is likely to be caused by the relatively small sample size for each industry-year regression. The mean cell size amounts to only to 38.5 observations.

Depending on managers' objectives, earnings can be managed upwards and downwards. The absolute value of discretionary accruals (|*DA*|) captures both effects, and is a good indicator for the combined effect of income-increasing and income-decreasing earnings management decisions. Therefore |*DA*| measures the extent to which managers intervene in the financial reporting process.[812] Since the direction of managers' incentives is not clearly evident, I use |*DA*| to capture both effects.[813] To test Hypotheses H1 to H3, the following regressions are estimated.[814]

$$|DA| = \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} AbsTA + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + \beta_j Year + \beta_k Industry + \varepsilon \quad (23)$$

$$|DA| = \beta_0 + \beta_1 \boldsymbol{EPT} + \beta_2 \boldsymbol{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AbsTA + \beta_{19} AC + \beta_{20} Lag + \beta_{21} Busy + \beta_j Year + \beta_k Industry + \varepsilon \quad (24)$$

$$|DA| = \beta_0 + \beta_1 \boldsymbol{FT} + \beta_2 \boldsymbol{EPT} + \beta_3 \boldsymbol{RPT} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} OCF + \beta_{15} Lev + \beta_{16} pBank + \beta_{17} Growth + \beta_{18} MB + \beta_{19} AbsTA + \beta_{20} AC + \beta_{21} Lag + \beta_{22} Busy + \beta_j Year + \beta_k Industry + \varepsilon \quad (25)$$

---

812 Cf. *Becker et al.* (1998), p. 9; *Johnson et al.* (2002), p. 644.
813 Cf. *Warfield et al.* (1995), p. 78; *Chen et al.* (2008), p. 421.
814 Firm and year subscripts are omitted for brevity.

where:

$\|DA\|$	=	Absolute value of the accrual quality measure scaled by prior year's total assets; and
AbsTA	=	Absolute value of total accruals scaled by prior year's total assets.

The dependent variable $|DA|$ is the absolute value of discretionary accruals scaled by prior year's total assets. The test variable for Hypothesis H1 is *FT* and measures the length of the audit firm tenure. The test variables for Hypotheses H2a and H2b are *EPT* and *RPT*, respectively and indicate the length of the engagement and review partner tenure. The primary test variable for Hypothesis H3 is *FT* after controlling for the effects of *EPT* and *RPT*.

All other variables are as defined in equation (19). I include variables controlling for other cross-sectional determinants of discretionary accruals. I control for the age and size of the client. The magnitude of discretionary accruals of clients changes with the life cycles and larger clients tend to have lower and more stable discretionary accruals.[815] Furthermore, more mature and larger clients also tend to have more sophisticated financial reporting systems.[816] The variables *Age* and *Size* are therefore expected to be associated with less extreme values of discretionary accruals. The level of operating cash flow is included because prior research documents an inverse relationship with the magnitude of discretionary accruals.[817] Therefore, the variable *OCF* is expected to be associated with less extreme values of discretionary accruals. Since clients that are financially distressed are more likely to manage earnings, I include the leverage and the Zmijewski-score as measures for financial distress.[818] The variables *Lev* and *pBank* are therefore expected to be associated with more extreme values of discretionary accruals. Growth opportunities are likely to be positively associated with discretionary accruals.[819] Growing clients are likely to invest in working capital items, such as

---

815 Cf. *Anthony/Ramesh* (1992), pp. 203 ff.; *Dechow/Dichev* (2002), pp. 46 ff.; *Myers et al.* (2003), p. 790; *Chi/Huang* (2005), p. 72.

816 Cf. *Johnson et al.* (2002), p. 647.

817 Cf. *Dechow* (1994), p. 27; *Myers et al.* (2003), p. 791; *Chen et al.* (2008), p. 428.

818 Cf. *Johnson et al.* (2002), p. 647; *Lim/Tan* (2010), p. 936.

819 Cf. *Johnson et al.* (2002), p. 647; *Carey/Simnett* (2006), p. 665; *Gul et al.* (2009), p. 270.

building up inventory and accounts receivable in order to support expected and concurrent sales growth.[820] At the same time, high growth-companies are also more likely to manage earnings. Therefore, the variables *Growth* and *MB* are expected to be associated with more extreme values of discretionary accruals.[821] I also include the variable *AbsTA* since clients with larger absolute values of accruals also tend to have larger discretionary accruals.[822] An audit committee might function as an arbiter between the auditor and the management when both parties have different views on how to apply GAAP. This might lead to more accurate financial reporting, which reduces the magnitude of discretionary accruals.[823] The variable *AC* is therefore expected to be associated with less extreme values of discretionary accruals. The effect of increased reporting lag is ambivalent. On the one hand, larger reporting lags might indicate higher audit effort. On the other hand, they might also indicate higher risks associated with the audit.[824] Thus, the sign of the variable *Lag* is not predicted. Lastly, I include the variable *Busy* to capture workload pressure, which may impair professional judgment and/or lead to the acceptance of weak client explanations.[825] The variable *Busy* is therefore expected to be associated with more extreme values of discretionary accruals.

5.4.2 Descriptive Results

The sample size is reduced to 1270 observations (from 1615 observations) due to missing data for variables controlling for client-specific characteristics. Table 35 presents an overview of the descriptive statistics.[826]

---

820 Cf. *Menon/Williams* (2004), p. 1140.
821 Cf. *Lim/Tan* (2010), p. 936.
822 Cf. *Becker et al.* (1998), p. 13.
823 Cf. *Klein* (2002), p. 378.
824 Cf. *Knechel et al.* (2009), pp. 1628 f.; *Blankley et al.* (2014), pp. 28 f.
825 Cf. *DeZoort/Lord* (1997), pp. 44 ff.; *López/Peters* (2012), pp. 139 f.; *Blankley et al.* (2014), pp. 49 f.
826 All continuous variables are winsorized at the 1st and 99th percentile to control for outliers.

Table 35

Descriptive Statistics of Discretionary Accruals Analysis

Variable	Mean	Std.Dev.	Min.	Q1	Median	Q3	Max.
|DA|	0.0448	0.0514	0.0000	0.0111	0.0293	0.0586	0.4112
FT	6.0496	3.6407	1.0000	3.0000	6.0000	9.0000	17.0000
EPT	2.7583	1.6934	1.0000	1.0000	2.0000	4.0000	7.0000
RPT	2.8937	1.7040	1.0000	1.0000	3.0000	4.0000	7.0000
EP_{Exp}	8.6205	5.4966	0.1648	4.6511	7.1799	11.6319	24.5769
RP_{Exp}	15.1726	6.1790	2.8324	10.3297	14.7225	19.9615	30.1731
$EP_{Ability}$	0.0953	0.2937	0.0000	0.0000	0.0000	0.0000	1.0000
$RP_{Ability}$	0.2000	0.4002	0.0000	0.0000	0.0000	0.0000	1.0000
Gender	0.1803	0.3846	0.0000	0.0000	0.0000	0.0000	1.0000
Big4	0.6724	0.4695	0.0000	0.0000	1.0000	1.0000	1.0000
IndExp	0.2714	0.2913	0.0011	0.0263	0.1830	0.4031	1.0000
Office	15.0634	2.7127	8.7877	13.1297	15.1246	17.3622	19.3491
Age	3.2839	1.1361	0.0000	2.3979	3.1355	4.4067	5.2364
Size	12.6446	2.1395	8.1113	11.0102	12.2756	14.0122	18.4310
OCF	0.0780	0.1175	-0.5424	0.0308	0.0801	0.1307	0.4323
Lev	0.1946	0.1749	0.0000	0.0439	0.1655	0.2946	0.9881
pBank	-3.2721	1.3454	-5.4048	-4.2449	-3.4561	-2.6413	4.1701
Growth	0.0866	0.2783	-0.8338	-0.0294	0.0661	0.1659	2.1024
MB	2.0493	2.1524	-3.4676	1.0112	1.5441	2.4345	14.6789
AbsTA	0.0847	0.0925	0.0000	0.0299	0.0577	0.1021	0.6024
AC	0.5354	0.4989	0.0000	0.0000	1.0000	1.0000	1.0000
Lag	4.3075	0.3537	3.4012	4.1109	4.3041	4.4659	5.8579
Busy	0.8614	0.3456	0.0000	1.0000	1.0000	1.0000	1.0000

The mean of *|DA|* equals to 4.48% of total assets. The mean length of audit firm tenure is 6.0496. The mean length of engagement partner tenure and review partner tenure are about 2.7583 and 2.8937, respectively. In 41 cases (3.23%) the engagement and review partner are subject to a mandatory rotation. The average length of engagement partner's work experience is approximately 8.6205 years. The length of review partner's work experience is about 15.1726 years. In about 9.53% of the audit engagements, the engagement partner carries an academic title. The percentage of review partners that carry in academic title is with 20.00% substantially higher. In about 18.03% of the audit engagements, the engagement and/or review partners are female. Approximately 67.24% of the sample observations are audited by a Big4 audit firm. The average portfolio share of clients from a specific industry for an audit firm amounts to 27.14% of audited total assets from all served industries. The average size of an audit office proxied by the audited total assets is 36,853,881 T€. Given that the average value of total assets for a client equals

to 4,138,533 T€, this means that the average audit office has about nine clients.[827] With regard to the descriptive statistics of the various client-specific traits, the average client is 57.8890 years old, has an operating cash flow of 7.80% of total assets, a leverage of 19.46%, a bankruptcy score of -3.2721, a growth in sales of 8.66%, a market-to-book ratio of 204.93%, and an absolute value of total accruals of 8.47% of total assets. About 53.54% of the sample observations have an audit committee. The average reporting lag is 79.7496 days and 86.14% of the sample observations have the fiscal year-end in December.[828]

5.4.3 Univariate Analysis

In this section, I present univariate results with regard to the test variables, i.e. audit firm tenure, engagement partner tenure, and review partner tenure, and the magnitude of discretionary accruals. Figure 4 graphs the distribution of |*DA*| by audit firm tenure, whereas

Figure 5 portrays the distribution by engagement and review partner tenure. The mean and median of |*DA*| appear to decrease somewhat weakly with increasing audit firm tenure, which might indicate that aggressive income-increasing and income-decreasing accounting policies are constrained to a greater extent with ongoing audit firm tenure. With regard to the effect of engagement and review partner tenure on |*DA*|, a clear pattern is not visible. The pattern suggests a rather stable distribution over engagement and review partner tenure. Therefore, it appears that neither engagement partner tenure nor review partner tenure has an effect on the extent to which aggressive income-increasing and income-decreasing accounting policies are constrained.

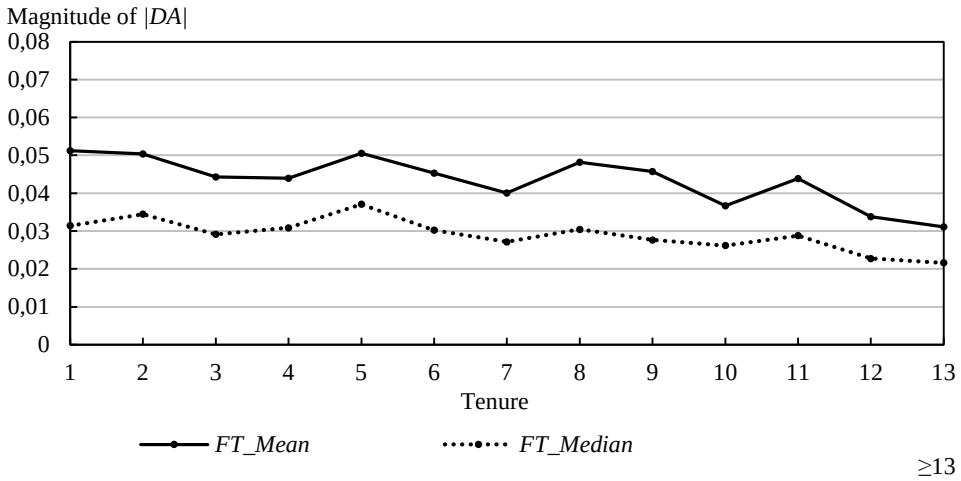
---

827 The average number of clients for an audit office is likely to be distorted due to Big4 audit firms having generally larger clients. The average value of total assets audited by a Big4 audit firm amounts to 6,007,525 T€, whereas the value of audited total assets by a non-Big4 audit firm amounts to 301,707 T€.

828 Please note that the reported values of the variables *Office*, *Age*, *Size* and *Lag* do not correspond to the values reported in Table 35 since these variables are logarithmized.

Figure 4

Distribution of |*DA*| by Audit Firm Tenure

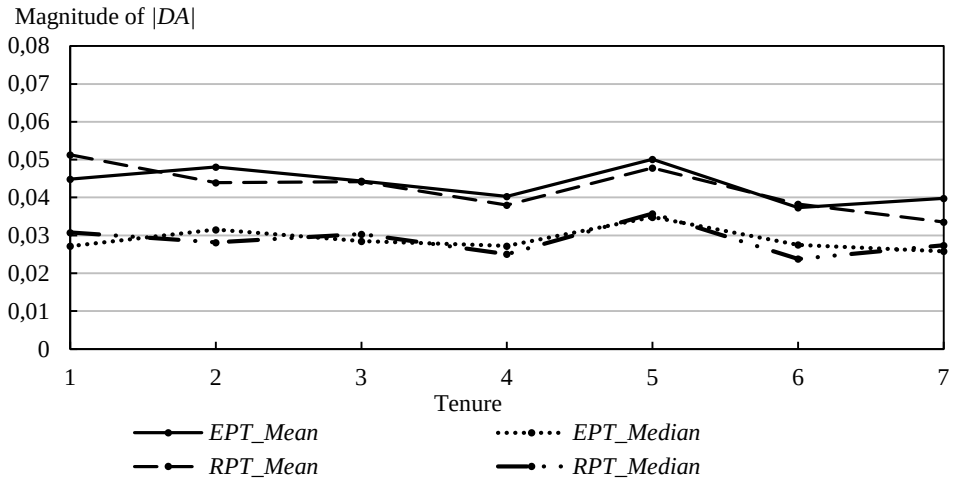


Notes:

FT_Mean/Median = Length of audit firm tenure, where the tenure of the audit firm equals the number of consecutive audits that the client has retained the same audit firm for the mean/median value of |*DA*|.

Figure 5

Distribution of |*DA*| by Engagement and Review Partner



Notes:

EPT_Mean/Median = Length of engagement partner tenure, where the tenure of the engagement partner equals the number of consecutive audits that the client has retained the same engagement partner for the mean/median value of |*DA*|.

RPT_Mean/Median = Length of review partner tenure, where the tenure of the review partner equals the number of consecutive audits that the client has retained the same review partner for the mean/median value of |*DA*|.

To perform further univariate analysis, I split the sample at the median of |*DA*| and compare the mean values of the sample with clients recording |*DA*| above the median with clients recording |*DA*| below the median. Table 36 shows an overview of the results.

Table 36

Univariate Results of Discretionary Accruals Analysis

	Above Median (n =635)		Below Median (n = 635)			
Variables	**Mean**	**Median**	**Mean**	**Median**	**Diff. t-test[a]**	
Test Variables						
FT	5.8362	5.0000	6.2630	6.0000	1.8925	*
EPT	2.7480	2.0000	2.7685	2.0000	-0.0658	
RPT	2.8677	3.0000	2.9197	3.0000	0.5417	
Audit Partner-Specific Variables						
EP_{Exp}	8.2265	7.0604	9.0145	7.8599	2.0606	**
RP_{Exp}	14.8562	14.0797	15.4891	15.0110	1.4955	
$EP_{Ability}$	0.0898	0.0000	0.1008	0.0000	0.6686	
$RP_{Ability}$	0.1701	0.0000	0.2299	0.0000	2.6646	***
Gender	0.1984	0.0000	0.1622	0.0000	-1.6780	*
Audit Firm-Specific Variables						
Big4	0.6535	1.0000	0.6913	1.0000	1.4343	
IndExp	0.2736	0.1755	0.2691	0.1858	0.2086	
Office	14.7524	14.9807	15.3744	15.2945	3.8737	***
Client-Specific Variables						
Age	3.1469	2.9957	3.4210	3.3673	4.2422	***
Size	12.2007	11.8150	13.0885	12.8369	7.9030	***
OCF	0.0756	0.0760	0.0803	0.0820	1.2716	
Lev	0.1861	0.1467	0.2031	0.1744	2.2386	**
pBank	-3.2443	-3.4517	-3.3000	-3.4645	-0.1480	
Growth	0.0779	0.0644	0.0952	0.0688	1.0281	
MB	2.0765	1.4755	2.0220	1.5762	1.6303	
AbsTA	0.1011	0.0705	0.0684	0.0476	-6.5458	***
AC	0.4772	0.0000	0.5937	1.0000	4.1617	***
Lag	4.3437	4.3307	4.2714	4.2627	-3.8244	***
Busy	0.8598	1.0000	0.8630	1.0000	0.1622	

*,**,*** *Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

a *Tests for mean differences are based on the Wilcoxon rank sum test.*

The mean value of audit firm tenure is lower for clients recording |*DA*| above the median (*FT*: 5.8362 vs. 6.2630). The mean value of engagement and review partner tenure is only slightly higher for clients recording |*DA*| below the median (*EPT*: 2.7480 vs. 2.7685, *RPT*: 2.8677 vs. 2.9197). The results of the Wilcoxon rank sum test show that the mean difference for the variable *FT* is marginally significant, whereas the mean differences are insignificant for the variables *EPT* and *RPT*. Therefore, univariate results provide weak evidence that higher levels of |*DA*| are associated with shorter au-

dit firm tenure, whereas engagement and review partner tenure are not associated with |*DA*|. These results are consistent with the results presented in Figure 4 and

Figure 5. The results of the audit partner-specific and audit firm-specific control variables provide evidence that clients of engagement partners with lower levels of work experience, with review partners that do not carry an academic title and that clients that are audited by smaller audit offices are more likely to record higher levels of |*DA*|. Furthermore, there is weak evidence that clients are more likely to record higher levels of |*DA*| when the engagement and/or review partner are female. With regard to the variables controlling for client-specific characteristics, there is evidence that clients that are younger and smaller, that have lower levels of leverage, higher levels of absolute values of total accruals, no audit committee, and larger reporting lags are more likely to record higher levels of |*DA*|.

The correlation matrix (see Table 37) does not suggest that multicollinearity issues bias the results. The majority of the correlations are above -0.4 and below 0.4. The largest variance inflation factors (VIF) do not exceed the value of 10.[829]

---

[829] Cf. *Belsley et al.* (1980), p. 156.

Table 37

Spearman Correlation Matrix for Discretionary Accruals Analysis

	FT	*EPT*	*RPT*	EP_{Exp}	RP_{Exp}	$EP_{Ability}$	$RP_{Ability}$	*Gender*	*Big4*	*IndExp*	*Office*
FT	**1.0000**										
EPT	0.3147***	**1.0000**									
RPT	0.3161***	0.3443***	**1.0000**								
EP_{Exp}	0.0696**	0.2823***	0.0702**	**1.0000**							
RP_{Exp}	0.0540*	0.0654**	0.2179***	0.1456***	**1.0000**						
$EP_{Ability}$	-0.0346	-0.0433	0.0033	0.0338	0.0659**	**1.0000**					
$RP_{Ability}$	0.0676**	0.0973***	0.0383	0.1733***	0.0298	0.0201	**1.0000**				
Gender	-0.0015	-0.0493*	-0.0199	-0.0303	-0.0765***	-0.0121	-0.0927***	**1.0000**			
Big4	0.0148	-0.0730***	-0.0438	0.0332	-0.0104	0.1078***	-0.0288	0.0278	**1.0000**		
IndExp	0.1000***	0.0255	0.0519*	0.1212***	0.0565**	-0.0191	0.0659**	-0.1005***	-0.3393***	**1.0000**	
Office	0.1541***	-0.0132	-0.0355	0.1409***	0.0642**	0.1147***	0.0919***	0.0459	0.6368***	-0.2084***	**1.0000**
Age	0.2441***	0.0583**	0.0057	0.1611***	0.0924***	0.0175	0.0813***	-0.1094***	0.1224***	0.1140***	0.2138***
Size	0.2581***	0.0435	0.0475*	0.2482***	0.1927***	0.0879***	0.1780***	-0.1150***	0.3819***	0.0859***	0.5467***
OCF	0.0865***	0.0008	0.0216	0.0461	-0.0396	0.0028	0.0520*	0.0044	0.0852***	-0.0453	0.1579***
Lev	0.0918***	0.0597**	0.0440	0.0616**	0.0903***	0.0157	0.0468*	0.0060	0.1025***	-0.0172	0.1391***
pBank	0.0435	0.0252	0.0085	0.0410	0.0764***	0.0090	0.0231	0.0024	0.0829***	-0.0256	0.0634**
Growth	-0.0145	0.0033	0.0014	0.0436	-0.0282	-0.0446	0.0153	0.0234	-0.0202	-0.0227	0.0305
MB	0.0086	0.0017	-0.0315	0.0167	-0.0412	-0.0238	0.0856***	-0.0583**	0.0056	-0.0837***	0.0359
AbsTA	-0.0423	0.0133	-0.0395	-0.0880***	-0.1216***	-0.0340	-0.0159	0.0465*	-0.0540*	-0.0658**	-0.0978***
AC	0.1673***	-0.0125	0.0372	0.1188***	0.1262***	0.0704**	0.0550*	-0.0554**	0.3401***	-0.0163	0.3791***
Lag	-0.1653***	-0.0344	-0.0256	-0.1626***	0.0003	-0.0896***	-0.1291***	0.0179	-0.2166***	-0.0520*	-0.3309***
Busy	0.0308	-0.0163	0.0382	-0.0335	-0.0212	0.0447	-0.0084	0.0554**	0.0528*	-0.0084	0.0356

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

Table 37 continued

	Age	*Size*	*OCF*	*Lev*	*pBank2*	*MB*	*Growth*	*AbsTA*	*AC*	*Lag*	*Busy*
Age	**1.0000**										
Size	0.3608***	**1.0000**									
OCF	0.0478*	0.1304***	**1.0000**								
Lev	0.1127***	0.2944***	-0.1511***	**1.0000**							
pBank	0.0267	0.1444***	-0.3573***	0.8879***	**1.0000**						
Growth	-0.0749***	0.0569**	0.1345***	-0.0916***	-0.1861***	**1.0000**					
MB	0.0463	0.1031***	0.2469***	-0.1127***	-0.1907***	0.1990***	**1.0000**				
AbsTA	-0.1298***	-0.1949***	0.2053***	-0.2669***	-0.2444***	0.1526***	0.2793***	**1.0000**			
AC	0.2765***	0.5770***	0.0780***	0.2183***	0.1572***	-0.0155	0.0206	-0.1049***	**1.0000**		
Lag	-0.1311***	-0.3901***	-0.1666***	0.0533*	0.1268***	-0.0600**	-0.1756***	0.0568**	-0.3038***	**1.0000**	
Busy	0.0191	-0.0248	0.0311	-0.0183	-0.0049	-0.0195	0.0401	0.0228	-0.0396	-0.0256	**1.0000**

, **, * Significance levels at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

5.4.4 Multivariate Analysis

Univariate results provide weak evidence that increasing audit firm tenure is associated with decreasing |*DA*|, whereas engagement and review partner tenure are not associated with |*DA*|. The results, however, do not control for possible other factors that might influence the magnitude of |*DA*|. Therefore, I perform a multivariate analysis.

5.4.4.1 Analysis at Audit Firm Level

Table 38 shows the results of the regression analysis of the effect of audit firm tenure on the magnitude of |*DA*|.[830] The *Adj. R^2* equals to 0.2934, which is comparable to the explanatory power reported in prior studies.[831] Audit firm-specific characteristics are not significant predictors of the magnitude of |*DA*| in the multivariate analysis. Hence, the finding in the univariate analysis that higher levels of |*DA*| are associated with smaller audit office sizes cannot be corroborated. The results from the set of variables controlling for client-specific characteristics provide evidence that higher levels of |*DA*| are associated with lower levels of leverage, higher bankruptcy scores, higher absolute values of total accruals, and longer reporting lags. Furthermore, there is weak evidence that higher levels of |*DA*| are associated with lower market-to-book ratios. There is also evidence that the presence of an audit committee is associated with lower levels of |*DA*|. With regard to the test variable, the coefficient on *FT* is negative and insignificant.

---

830 To conserve space, I do not report the results for the year and industry dummies. The year dummy for the fiscal year 2008 is not significant. However, the coefficient on the year dummy for the fiscal year 2009 is positive and marginally significant. Cf. Appendix 234.

831 Cf. e.g. *Chen et al.* (2008), p. 431; *Quick/Wiemann* (2011), p. 929. The *Adj. R^2* reported by *Johnson et al.* (2002) is substantially lower (approximately 0.083), whereas *Frankel et al.* (2002) report an *Adj. R^2* of over 0.40. Cf. *Frankel et al.* (2002), p. 92; *Johnson et al.* (2002), p. 650.

Table 38

Results from the Regression of |*DA*| on Audit Firm Tenure and Control Variables

$$|DA| = \beta_0 + \beta_1 \mathbf{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} AbsTA + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	Coeff.	t-stats	
Test Variable				
FT	+/-	-0.0002	-0.5431	
Audit Firm-Specific Variables				
Big4	-	0.0050	1.1221	
IndExp	-	0.0032	0.4921	
Office	-	-0.0005	-0.5906	
Client-Specific Variables				
Age	-	-0.0006	-0.3972	
Size	-	0.0015	1.0927	
OCF	-	0.0433	1.5466	
Lev	+	-0.1001	-2.5090	**
pBank	+	0.0171	3.0308	***
Growth	+	-0.0027	-0.4734	
MB	+	-0.0017	-1.7917	*
AbsTA	+	0.1808	4.4490	***
AC	-	-0.0089	-2.4559	**
Lag	+/-	0.0142	3.0897	***
Busy	+	-0.0005	-0.1287	
Intercept		0.0451	1.1302	
Adj. R^2		0.2934		
Number of Obs.		1270		

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The extent to which aggressive accounting policies are constrained, however, might differ between income-increasing and income-decreasing earnings management. There is empirical evidence that managers are more likely to engage in income-increasing earnings management and that the auditor might constrain income-increasing management decisions to a greater extent since litigation risks are higher when income is overstated.[832] Audit firm tenure might therefore be asymmetrically linked with positive and negative discretionary accruals.[833] To address this issue, I truncate the sample into clients

832 Cf. *Kinney/Martin* (1994), pp. 151 ff.; *Nelson et al.* (2002), pp. 193 f.; *Myers et al.* (2003), p. 783; *Lennox et al.* (2014), p. 1787.

833 Cf. *Menon/Williams* (2004), p. 1114; *Myers et al.* (2003), pp. 790 ff.; *Carey/Simnett* (2006), p. 667.

with positive discretionary accruals (*DA+*) and clients with negative discretionary accruals (*DA-*) and estimate equation (23). Due to the truncation of the dependent variable at zero, the OLS regression may bias the estimates towards zero.[834] For this reason, I estimate equation (23) using a maximum likelihood truncated regression.[835] Table 39 presents the results with regard to the test variables and the audit firm-specific control variables.[836]

Table 39

Results from the Regressions of *DA+* and *DA-* on Audit Firm Tenure and Control Variables

$$DA+/DA- = \beta_0 + \beta_1 \mathbf{FT} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} AbsTA + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

		DA+				***DA-***	
Variable	**Exp. Sign**	**Coeff.**	**t-stats**		**Exp. Sign**	**Coeff.**	**t-stats**
Test Variable							
FT	+/-	-0.0005	-1.4071		+/-	-0.0001	-0.1954
Audit Firm-Specific Variables							
Big4	-	0.0052	1.3897		+	-0.0035	-0.6560
IndExp	-	0.0132	2.3700	**	+	-0.0039	-0.5008
Office	-	0.0001	0.1338		+	0.0006	0.6728
Number of Obs.		701				569	

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The coefficient on *IndExp* becomes significant in the income-increasing subsample. Contrary to my expectation, the coefficient is positive, which indicates that audit firms with higher levels of industry expertise constrain aggressive income-increasing accounting policies to a lesser extent. With regard to the test variable, *FT* remains insignificant in both subsamples. Since the tenure effect may be more pronounced in the initial or later periods of audit firm tenure, i.e. there is a non-monotonic relationship between audit firm tenure and the magnitude of discretionary accruals, I estimate equation (23) by replacing the continuous variable *FT* with the dummy variables FT_{Short} or FT_{Long} (→ 4.2.1). Table 40 presents the results.[837]

---

834 Cf. *Greene* (2012), pp. 873 ff.

835 See also *Myers et al.* (2003), footnote 19; *Chen et al.* (2008), p. 429.

836 The results for the client-specific control variables are presented in Appendix 235.

837 For the results for the remaining variables, see Appendices 236-237.

Table 40

Results from Regressions of |*DA*|, *DA*+ and *DA*- on Dummy Variables for Short or Long Audit Firm Tenure and Control Variables

$$|DA|/DA+/DA- = \beta_0 + \beta_1 \mathbf{FT_{Short}/FT_{Long}} + \beta_2 Big4 + \beta_3 IndExp + \beta_4 Office + \beta_5 Age + \beta_6 Size + \beta_7 OCF + \beta_8 Lev + \beta_9 pBank + \beta_{10} Growth + \beta_{11} MB + \beta_{12} AbsTA + \beta_{13} AC + \beta_{14} Lag + \beta_{15} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	|*DA*| Coeff. (t-stats)	*DA*+ Coeff. (t-stats)		Exp. Sign	*DA*- Coeff. (t-stats)
FT_{Short} = 1 if $FT \leq 3$						
FT_{Short}	+/-	0.0009 (0.2824)	0.0027 (0.9689)		+/-	0.0016 (0.4038)
Adj. R^2		0.2919	-			-
Number of Obs.		1270	701			569
FT_{Long} = 1 if $FT \geq 11$						
FT_{Long}	+/-	-0.0009 (-0.2208)	-0.0074 (-1.7692)	*	+/-	-0.0046 (-0.8362)
Adj. R^2		0.2932	-		-	-
Number of Obs.		1270	701		569	701

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The coefficients are with the exception of FT_{Long} in the income-increasing subsample (coeff. = -0.0074, p = 0.0769) insignificant.[838] To add more confidence to the reported results, I estimate equation (23) with the previously defined alternative cut-off points for short and long audit firm tenure (→ 5.1.4.1). The coefficients testing the effect of short and long audit firm tenure on the magnitude of |*DA*|, *DA*+ and *DA*- are insignificant. The observed negative effect of long audit firm tenure on *DA*+ is therefore sensitive to the cut-off point.[839] Together, these results fail to provide evidence that audit firm tenure is associated with the extent to which aggressive income-increasing and/or income-decreasing accounting policies are constrained.

Sensitivity Analyses

An alternative explanation for more extreme values of |*DA*|, *DA*+ and *DA*- in the early periods of the engagement is that an audit firm change is more likely if the client is perceived as risky or performs poorly. At the same time less

838 I also run equation (23) by including FT_{Short} and FT_{Long} to test a possible U-shaped form. The results do not provide evidence for the presence of a U-shaped form. Cf. Appendix 238.

839 For an overview, see Appendices 239-243.

extreme values of |*DA*|, *DA*+ and *DA*- in the later period of the engagement might be due to clients being perceived as less risky, which makes an audit firm change less likely.[840] To address this endogeneity problem, I run equation (23) by excluding firms with extreme values of return on assets (RoA). Clients with RoA within the highest and lowest decile are excluded.[841,842] As an alternative approach to test this endogeneity issue, I exclude observations of clients with "frequent" audit firm switches.[843] The results of the analysis point into the same direction suggesting a low probability that the results reported in the primary analysis are confounded by endogeneity issues.[844] I also check the robustness of the results by running equation (23) with the prediction model that has the second highest explanatory power, which is the model proposed by *Ball/Shivakumar* (2006) based on the DDM using the change in

---

840 Cf. *Chen et al.* (2008), pp. 432 f. Endogenous regressors yield inconsistent OLS estimatiors and the test statistics are not valid anymore. Cf. *Heij et al.* (2004), pp. 397 f.

841 Cf. *Myers et al.* (2003), p. 793. The sample size is reduced to 1080 observations (from 1270 observations), with 656 observations in the income-increasing subsample (from 701 observations) and 538 observations in the income-decreasing subsample (from 569 observations).

842 A more formal approach to address endogeneity issues is to run a two-stage least squares (2SLS) regression. In the first stage, the potential endogeneous variable (here: audit firm tenure), is regressed on an instrumental variable using the same set of control variables. In the second stage, the dependent variable is regressed on the fitted value of audit firm tenure obtained from the first stage regression and the same set of control variables. A critical point in the 2SLS-regression is finding a valid instrumental variable. Such an instrumental variable must have two properties. First, it must be (partially) correlated with the suspected endogenous variable. Second, it must be uncorrelated with the residuals. The first requirement can be tested on the base of the correlation between the endogenous and instrumental variable. The second requirement, however, cannot be tested empirically since the first-stage regression does not yield unbiased estimates of the instrumental variable(s) when the regressor is endogenous. Thus, the lack of the correlation between the instrumental variable and the residuals must be established argumentatively. *Chen et al.* (2008) use the age of the audit partner as an instrumental variable. Analogously, at audit firm level the age of the audit firm may be used as an instrumental variable. However, similar to the arguments presented for an association between the age of the client and the magnitude of discretionary accruals, the age of the audit firm may be correlated with the magnitude of discretionary accruals. Therefore, I use the less formal approach to address possible endogeneity issues. Cf. *Heij et al.* (2004), pp. 396 ff.; *Chen et al.* (2008), pp. 432 ff.

843 A company is classified as a frequent switcher if having switched audit firms at least two times during the sample period. The sample size is reduced to 1133 observations (from 1270 observations), with 636 observations in the income-increasing subsample (from 701 observations) and 497 observations in the income-decreasing subsample (from 569 observations).

844 Cf. Appendices 244-259.

operating cash flow as the loss proxy.[845] The results are consistent with the results reported in the primary analysis.[846]

Overall, the results of the primary and sensitivity analyses fail to provide evidence that the magnitude of discretionary accruals is associated with audit firm tenure, thus Hypothesis H1 is not supported.

Moderator Analyses

To examine whether the effect of audit firm tenure differs across different audit firm-specific traits and client size, I run moderator analyses (→ 5.1.4.1). The coefficients on the interaction terms *FT*Big4*, *FT*IndExp*$_D$, *FT*Office*$_D$, and *FT*Size*$_D$ are insignificant. Thus, the results fail to provide evidence that the effect of audit firm tenure differs across different audit firm sizes, different levels of industry expertise, different audit office sizes and different client sizes.[847]

5.4.4.2 Analysis at Audit Partner Level

Table 41 presents the results of the regressions used to test the relation between engagement and review partner tenure and the magnitude of discretionary accruals.[848] The *Adj. R^2* equals to 0.2919, which is considerable higher than the explanatory power reported in prior studies.[849] From the set of variables controlling for audit partner-specific traits, solely the coefficient on RP_{Exp} is in the income-decreasing subsample marginally significant and has a positive sign. This provides weak evidence that higher levels of review partner's work experience are associated with less aggressive income-decreasing accounting policies. With regard to the test variables, the coefficients on *EPT* and *RPT* are negative and insignificant.

Table 41

---

845 Cf. Appendix 233.
846 Cf. Appendices 260-267.
847 Cf. Appendix 268.
848 The results with regard to the audit firm-specific characteristics remain qualitatively unchanged. For a complete overview of the results, see Appendix 269.
849 *Carey/Simnett* (2006) report an *Adj. R^2* of 0.040 and *Chen et al.* (2008) a value of 0.1986. Cf. *Carey/Simnett* (2006), p. 666; *Chen et al.* (2008), p. 428.

Results from the Regressions of |*DA*|, *DA*+ and *DA*- on Audit Partner Tenure and Control Variables

$$|DA|/DA+/DA- = \beta_0 + \beta_1 \mathbf{EPT} + \beta_2 \mathbf{RPT} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AbsTA + \beta_{19} AC + \beta_{20} Lag + \beta_{21} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	|*DA*| Coeff. (t-stats)	*DA*+ Coeff. (t-stats)	Exp. Sign	*DA*- Coeff. (t-stats)	
Test Variables						
EPT	+/-	-0.0001 (-0.1494)	-0.0002 (-0.2765)	+/-	-0.0003 (-0.2209)	
RPT	+/-	-0.0004 (-0.5693)	-0.0011 (-1.3373)	+/-	-0.0006 (-0.5242)	
Audit Partner-Specific Variables						
EP_{Exp}	-	0.0003 (1.1621)	-0.0001 (-0.2423)	+	-0.0005 (-1.3196)	
RP_{Exp}	-	-0.0002 (-0.8735)	0.0003 (1.3099)	+	0.0006 (1.7559)	*
$EP_{Ability}$	-	-0.0019 (-0.5077)	0.0023 (0.4846)	+	-0.0005 (-0.0883)	
$RP_{Ability}$	-	-0.0029 (-0.7602)	-0.0015 (-0.4264)	+	-0.0008 (-0.1675)	
Gender	+/-	-0.0012 (-0.2680)	0.0016 (0.4714)	+	0.0024 (0.5252)	
Adj. R^2		0.2919	-		-	
Number of Obs.		1270	701		569	

*, **, *** *Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

As at audit firm level, the effect of audit partner tenure may be more pronounced in the initial or later periods of audit partner tenure. Therefore, I estimate equation (24) by replacing the continuous variables *EPT* and *RPT* with the dummy variables EPT_{Short} and RPT_{Short} or EPT_{Long} and RPT_{Long} (→ 4.2.1). Table 42 presents an overview of the findings.[850]

[850] For the results of the remaining variables, see Appendices 270-271.

Table 42

Results from Regressions of |*DA*|, *DA*+ and *DA*- on Dummy Variables for Short or Long Audit Partner Tenure and Control Variables

$$|DA|/DA+/DA- = \beta_0 + \beta_1 \boldsymbol{EPT_{Short}/EPT_{Long}} + \beta_2 \boldsymbol{RPT_{Short}/RPT_{Long}} + \beta_3 EP_{Exp} + \beta_4 RP_{Exp} + \beta_5 EP_{Ability} + \beta_6 RP_{Ability} + \beta_7 Gender + \beta_8 Big4 + \beta_9 IndExp + \beta_{10} Office + \beta_{11} Age + \beta_{12} Size + \beta_{13} OCF + \beta_{14} Lev + \beta_{15} pBank + \beta_{16} Growth + \beta_{17} MB + \beta_{18} AbsTA + \beta_{19} AC + \beta_{20} Lag + \beta_{21} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	|*DA*| Coeff. (t-stats)	*DA*+ Coeff. (t-stats)	Exp. Sign	*DA*- Coeff. (t-stats)
EPT_{Short}/RPT_{Short} = 1 if $EPT/RPT \leq 3$					
EPT_{Short}	+/-	0.0002 (0.0737)	0.0011 (0.3684)	+/-	0.0011 (0.2493)
RPT_{Short}	+/-	0.0002 (0.0849)	0.0035 (1.1753)	+/-	0.0035 (0.8570)
Adj. R^2		0.2917	-		-
Number of Obs.		1270	701		569
EPT_{Long}/RPT_{Long} = 1 if $EPT/RPT \geq 6$					
EPT_{Long}	+/-	-0.0029 (-0.6746)	-0.0043 (-0.9454)	+/-	0.0006 (0.0955)
RPT_{Long}	+/-	-0.0006 (-0.1638)	-0.0027 (-0.6327)	+/-	0.0012 (0.1891)
Adj. R^2		0.2920	- -	-	-
Number of Obs.		1270	701	569	701

*, **, *** *Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The coefficients on the tenure related variables are insignificant.[851] To add more confidence to the reported results, I estimate equation (24) with the previously defined alternative cut-off points (→ 5.1.4.1). The results of the tenure related variables remain qualitatively changed.[852] Together, these findings do not provide evidence that the length of the engagement and review partner tenure is associated with the extent to which aggressive income-increasing and/or income-decreasing accounting policies are constrained.

Sensitivity Analyses

To strengthen the confidence in the results reported in the primary analysis, I run various robustness checks. First, I exclude observations where $FT \leq 3$ to

851 I also estimate equation (24) by including EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long} to test a possible U-shaped form. The results do not provide evidence for the presence of a U-shaped form. Cf. Appendix 272.

852 For an overview of the results, see Appendices 273-274.

minimize the risk that the findings are confounded by short audit firm tenure (→ 5.1.4.2). Second, I exclude observations of clients that have RoAs within the highest and lowest decile to test possible endogeneity problems between the magnitude of discretionary accruals and audit partner tenure. And third, I estimate equation (24) with the alternative prediction model. The results of the robustness checks point into the same direction.[853] I also estimate equation (24) with the tenure of the audit partner team. The coefficient on the test variables (*Team*, $Team_{Short}$, and $Team_{Long}$) are insignificant. Changing the cut-off points does not yield differing results.[854]

Overall, the results of the primary and sensitivity analyses do not provide evidence that engagement partner and review partner tenure are associated with magnitude of discretionary accruals, which does not support Hypotheses H2a and H2b.

Moderator Analyses

Analogously to the moderator analyses at audit firm level, I examine whether the effect of engagement and review partner tenure differs across different audit firm-specific characteristics and different client sizes. I do not find evidence that the effect of engagement and review partner tenure is contingent on audit firm size and the level of industry expertise. However, I find evidence that review partners from larger audit offices constrain aggressive income-increasing and income-decreasing accounting policies to a lesser extent with ongoing tenure compared to review partners from smaller audit offices.[855] Furthermore, I find evidence that engagement partners constrain aggressive income-increasing accounting policies for larger clients to a lesser extent with ongoing tenure compared to smaller clients. I also examine whether the level

---

853 When excluding observations with RoAs within the highest and lowest decile, the coefficient on RPT_{Long5} is negative and becomes marginally significant in the income-decreasing subsample (coeff. = -0.0072, p = 0.0847). When excluding observations where $FT \leq 3$, the coefficient on RPT_{Short2} becomes marginally significant in the income-increasing (coeff. = 0.0055, p = 0.0815) and significant in the income-decreasing sample (coeff. = 0.0093, p = 0.0330). For an overview of the results, see Appendices 275-289.

854 For an overview of the results, see Appendices 290-294.

855 This result is mainly due to review partners from larger audit offices constraining income-decreasing accounting policies to a lesser extent. Cf. Appendix 295.

of work experience has a moderating effect on the tenure. The coefficients on the interaction terms are not significant. Hence, the effect of engagement and review partner tenure appears not to differ significantly across different levels of work experience.[856]

Interaction of Engagement and Review Partner Tenure

To investigate a possible interaction effect between engagement and review partner tenure (→ 5.1.4.2), I estimate equation (24) with the interaction term *EPT*RPT*. An asynchronous progression of the tenure of the engagement and review partner might mitigate the loss of client-specific knowledge due to a rotation. The coefficients on the interaction terms are in the three subsamples insignificant.[857] Therefore, the presence of an interaction effect cannot be substantiated.

5.4.4.3 Joint Analysis

Table 43 presents the results of the joint effect of audit firm, engagement partner and review partner tenure on the magnitude of discretionary accruals.[858] The *Adj.* R^2 amounts to 0.2915, which is higher than the explanatory power reported in *Fargher et al.* (2008) and *Chen et al.* (2008).[859] The coefficients on *FT*, *EPT* and *RPT* are insignificant. The results on the coefficients testing a non-monotonic relationship are in the three samples insignificant as well. Using the alternative cut-off points yields similar results. Solely, the coefficient on FT_{Short2} becomes significant in the income decreasing subsample and has a negative sign (coeff. = -0.0114, p = 0.0338).

---

856 For a complete overview of the results, see Appendix 295.

857 Using |*DA*| as the dependent variable, the coefficient equals to 0.0002 (p = 0.6215). In the income-increasing subsample, the coefficient equals to 0.0001 (p = 0.8017), while the coefficient equals to 0.0001 (p = 0.8390) in the income-decreasing subsample.

858 The results with regard to the audit firm-specific and audit partner-specific variables remain qualitatively unchanged. For a complete overview of the results, see Appendices 296-298.

859 *Fargher et al.* (2008) report an *Adj.* R^2 of about 0.22 and *Chen et al.* (2008) of about 0.20. Cf. *Fargher et al.* (2008), p. 174; *Chen et al.* (2008), p. 433.

Table 43

Results from Regressions of |*DA*|, *DA*+ and *DA*- on Audit Firm and Audit Partner Tenure and Control Variables

$$|DA|/DA+/DA- = \beta_0 + \beta_1 \boldsymbol{FT/FT_{Short}/FT_{Long}} + \beta_2 \boldsymbol{EPT/EPT_{Short}/EPT_{Long}} + \beta_3 \boldsymbol{RPT/RPT_{Short}/RPT_{Long}} + \beta_4 EP_{Exp} + \beta_5 RP_{Exp} + \beta_6 EP_{Ability} + \beta_7 RP_{Ability} + \beta_8 Gender + \beta_9 Big4 + \beta_{10} IndExp + \beta_{11} Office + \beta_{12} Age + \beta_{13} Size + \beta_{14} OCF + \beta_{15} Lev + \beta_{16} pBank + \beta_{17} Growth + \beta_{18} MB + \beta_{19} AbsTA + \beta_{20} AC + \beta_{21} Lag + \beta_{22} Busy + Year\ and\ Industry\ Dummies + \varepsilon$$

Variable	Exp. Sign	|DA| Coeff. (t-stats)	DA+ Coeff. (t-stats)	Exp. Sign	DA- Coeff. (t-stats)
Continuous Approach					
FT	+/-	-0.0002 (-0.4792)	-0.0003 (-0.8305)	+/-	0.0001 (0.0015)
EPT	+/-	0.0001 (-0.0445)	-0.0001 (-0.0883)	+/-	-0.0003 (-0.2172)
RPT	+/-	-0.0003 (-0.4390)	-0.0009 (-1.0672)	+/-	-0.0006 (-0.5109)
Adj. R^2		0.2915	-		-
Number of Obs.		1270	701		567
Dummy Approach: Short					
FT_{Short}	+/-	0.0012 (0.3019)	0.0007 (0.1900)	+/-	-0.0001 (-0.0116)
EPT_{Short}	+/-	-0.0001 (-0.0443)	0.0009 (0.2789)	+/-	0.0011 (0.2405)
RPT_{Short}	+/-	-0.0002 (-0.0684)	0.0032 (0.9911)	+/-	0.0035 (0.8067)
Adj. R^2		0.2912	-		-
Number of Obs.		1270	701		569
Dummy Approach: Long					
FT_{Long}	+/-	-0.0013 (-0.3313)	-0.0068 (-1.6138)	+/-	-0.0042 (-0.7660)
EPT_{Long}	+/-	-0.0030 (-0.6770)	-0.0044 (-0.9592)	+/-	0.0006 (0.0908)
RPT_{Long}	+/-	-0.0006 (-0.1472)	-0.0024 (-0.5605)	+/-	0.0014 (0.2134)
Adj. R^2		0.2922	-		-
Number of Obs.		1270	701		569

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed test.*

Together, these results fail to provide evidence that the extent to which aggressive income-increasing and/or income-decreasing accounting policies are

constrained is associated with audit firm tenure, after controlling for engagement partner tenure and review partner tenure.[860]

Sensitivity Analyses

To add more robustness to the reported results, I run sensitivity analyses. First, I exclude observations within the highest and lowest decile of RoA to address possible endogeneity issues. Second, I exclude observations of clients with "frequent" audit firm switches. The results of both robustness checks are broadly consistent with the results reported in the primary analysis, which suggests a low probability that the results reported in the primary analysis are confounded by endogeneity issues.[861] And third, I estimate equation (25) with the alternative prediction model. The result are similar to the results reported in the primary analysis.[862] I also estimate equation (25) with the tenure of the audit partner team. The results are consistent with the results reported in the primary analysis.[863] Overall, the results of the sensitivity analyses are consistent with the reported results of the primary analysis.

Further Analysis

To investigate whether audit firm tenure moderates the effect of audit partner tenure, I run a three-way interaction analysis with the variable *FT*, *EPT* and *RPT*. Table 44 shows the effect of increasing engagement and review partner tenure (*EPT***RPT*) on magnitude of |*DA*|/*DA*+/*DA*- at various points of audit firm tenure.

---

860 For an overview of the results, see Appendices 299-303.

861 When excluding observations within the highest and lowest decile of RoA, the coefficients on FT_{Short2} and RPT_{Short2} become (marginally) significant in the income-decreasing subsample (FT_{Short2}: coeff. = -0.0084, p = 0.0834; RPT_{Short2}: coeff. = 0.0074, p = 0.0423). Furthermore, the coefficient on RPT_{Long5} becomes marginally significant and is positive. In the income-increasing subsample, the coefficient on FT_{Long} becomes marginally significant (coeff. = 0.0073, p = 0.0741). For an overview of the results, see Appendices 304-319.

862 The coefficient on EPT_{Long} becomes marginally significant in the income-increasing subsample (coeff. = -0.0074, p = 0.0954) and the coefficient on EPT_{Short2} becomes marginally significant in the income-decreasing subsample (coeff. = -0.0078, p = 0.0538). For an overview, see Appendices 320-327.

863 For an overview of the results, see Appendices 328-335.

Table 44

Effect of Engagement and Review Partner Tenure on the Magnitude of |*DA*|, *DA*+ and *DA*- at Various Points of Audit Firm Tenure[864]

	|*DA*|		***DA*+**		**DA-**		
	*EPT*RPT*		*EPT*RPT*		*EPT*RPT*		
FT	**Coeff.**	**t-stats**	**Coeff.**	**t-stats**	**Coeff**	**t-stats**	
1	0.0011	0.4528	0.000057	0.9563	-0.0010	0.4503	
2	0.0010	0.4716	0.000054	0.9523	-0.0008	0.5209	
3	0.0008	0.4986	0.000051	0.9474	-0.0005	0.6252	
4	0.0007	0.5391	0.000049	0.9412	-0.0002	0.7833	
5	0.0006	0.6033	0.000046	0.9340	0.0000	0.9808	
6	0.0005	0.7093	0.000043	0.9273	0.0003	0.6689	
7	0.0004	0.8822	0.000040	0.9252	0.0005	0.3658	
8	0.0004	0.8769	0.000037	0.9317	0.0008	0.1812	
9	0.0004	0.6420	0.000034	0.9442	0.0010	0.1064	
10	0.0005	0.4904	0.000031	0.9570	0.0013	0.0818	*
11	0.0005	0.4136	0.000028	0.9674	0.0016	0.0757	*
12	0.0006	0.3771	0.000025	0.9752	0.0018	0.0763	*
13	0.0008	0.3593	0.000022	0.9812	0.0021	0.0797	*
14	0.0009	0.3505	0.000019	0.9857	0.0023	0.0839	*
15	0.0010	0.3462	0.000016	0.9893	0.0026	0.0884	*
16	0.0011	0.3441	0.000013	0.9921	0.0029	0.0928	*
17	0.0013	0.3432	0.000010	0.9944	0.0031	0.0969	*

, **, * Significance level at 0.1, 0.05, and 0.01, respectively, two-tailed tests.*

The effect of increasing engagement and review partner tenure on the magnitude of |*DA*| does not follow a clear pattern with increasing audit firm tenure. With regard to the income-increasing and income-decreasing subsample, the positive/negative effect of increasing engagement and review partner tenure on *DA*+/*DA*- decreases/increases with ongoing audit firm tenure. The differences of the effect of engagement and review partner tenure at various points of audit firm tenure, however, are insignificant. The coefficient on the three-way interaction term *FT*EPT*RPT* is positive and insignificant in the three

[864] The coefficients for the analysis in the income-increasing subsample are rounded to 6 decimal places since they are extremely small.

samples. Thus, an interaction effect between audit firm and audit partner tenure cannot be substantiated.[865]

Overall, the results suggest that audit firm tenure is not associated with the magnitude of discretionary accruals after controlling for engagement and review partner tenure, which is inconsistent with Hypothesis H3. Furthermore, engagement and review partner tenure are not significant predictors of the magnitude of discretionary accruals.

5.4.5 Summary of the Results

The above-presented results do not provide evidence that audit firm tenure is associated with the extent to which aggressive income-increasing and/or income-decreasing accounting policies are constrained.[866] Therefore, the results fail to provide evidence of an association between audit firm tenure and audit quality. This finding is inconsistent with the majority of prior empirical evidence, that report that aggressive income-increasing accounting are constrained to a greater extent as audit firm tenure increases and that also provide some evidence that aggressive income-decreasing accounting policies are constrained to a lesser extent as audit firm tenure increases (→ 3.2.1). At audit partner level, I do not find an association between engagement and review partner tenure as well.[867] Hence, the results fail to provide evidence linking engagement and review partner tenure with audit quality. This finding is consistent with *Carey/Simnett* (2006), who do not find evidence for an association between audit partner tenure and the extent to which aggressive accounting policies are constrained, and is inconsistent with the results of *Chen et*

---

865 The coefficient on the interaction term remains insignificant when excluding observations with extreme RoA performance (|*DA*|: coeff. = 0.00005, p = 0.6989; *DA*+: coeff. = 0.00002, p = 0.8769; *DA*-: coeff. = 0.00014, p = 0.3880), when excluding observations of "frequent" audit firm switchers (|*DA*|: coeff. = -0.00010, p = 0.5025; *DA*+: coeff. = -0.00008, p = 0.6027; *DA*-: coeff. = 0.00009, p = 0.6466), and when using the alternative prediction model (|*DA*|: coeff. = -0.00009, p = 0.5021; *DA*+: coeff. = 0.00002, p = 0.8839; *DA*-: coeff. = 0.00014, p = 0.4696).

866 For an overview of the results with regard to the test variables at audit firm level, see Appendix 336.

867 For an overview of the results with regard to the test variables at audit partner level, see Appendix 337.

al. (2008) and *Manry et al.* (2008), who report that aggressive income-increasing accounting policies are constrained to a greater extent as audit partner tenure increases (→ 3.2.2).

I also examine whether the effect of audit firm tenure and audit partner tenure differs across different audit firm-specific traits (audit firm size, industry expertise and audit office size) and different client sizes. The results do not suggest that the effect of audit firm tenure is contingent on differing audit firm-specific traits and differing client sizes, there is evidence that review partners from larger audit offices constrain aggressive income-increasing and income-decreasing accounting policies to a lesser extent with ongoing tenure compared to review partners from smaller audit offices. Furthermore, I find that engagement partners constrain aggressive income-increasing accounting policies for larger clients to a lesser extent with ongoing tenure compared to smaller clients.

Since results of the effect of audit firm tenure on audit quality without controlling for the effect of audit partner tenure (and vice versa) may be subject to omitted variable bias,[868] I test the effect of audit firm tenure on the magnitude of discretionary accruals after controlling for engagement and review partner tenure. The results do not provide evidence that audit firm tenure is associated with the magnitude of discretionary accruals.[869] Hence, the results fail to provide evidence of an association between audit firm tenure and audit quality after controlling for engagement and review partner tenure. Engagement and review partner are not associated with the magnitude of discretionary accruals as well. Furthermore, the presence of an interaction effect between audit firm and audit partner tenure cannot be substantiated. The results are inconsistent with the findings of *Molls* (2013), who report less extreme values of discretionary accruals as audit firm and review partner tenure increases. At the same time, the results are consistent with the findings of *Molls* (2013) with regard to engagement partner tenure. The results of the joint analysis are also inconsistent with the findings of *Chen et al.* (2008) and

---

868 Cf. *Bedard/Johnstone* (2010), p. 68.

869 For an overview of the results with regard to the test variables in the joint analysis, see Appendix 338.

Fargher et al. (2008). The inconsistent results might be due ot differing institutional settings as well as methodological differences. For example, most of the studies use prediction models that are based on the Jones Model, such as the modified Jones Model or the performance adjusted Jones Model.[870] Empirical evidence however, suggests that the prediction models based on the Jones Model appear to have less power to detect earnings management than for example, prediction models that are based on the Dechow-Dichev Model (→ 3.2.3).

[870] Cf. e.g. *Chen et al.* (2008), p. 421; *Fargher et al.* (2008), p. 167; *Manry et al.* (2008), p. 559; *Quick/Wiemann* (2011), p. 922.

6 Overall Conclusion, Limitations and Future Research Opportunities

In this study, I investigate whether audit firm and/or audit partner tenure are associated with audit quality using multiple proxies to infer audit quality. Unlike the majority of prior studies, I use four different proxies, which are the propensity of issuing a GCO, the probability of issuing a restatement, the probability of meeting or just beating analysts' forecasts, and the magnitude of discretionary accruals. Each of these proxies have their strength and their weaknesses (→ 3.1), thus the use of multiple proxies allows to build greater confidence in the reported results.

Using a sample of capital market-oriented non-financial German companies, I fail to find convincing evidence that the propensity of issuing a GCO is associated with audit firm and/or audit partner tenure. However, further analysis suggests that the lack of evidence might be due to interaction effects between audit firm tenure and audit partner tenure. In specific, I find that increasing engagement and review partner tenure are associated with a higher propensity of issuing a GCO and that increasing audit firm tenure moderates the positive effect at audit partner level. Therefore, increasing audit firm tenure has detrimental effects on audit quality by negatively impacting audit quality at audit partner level.

The results using the probability of issuing a restatement as a proxy to infer audit quality provide evidence that a restatement is more likely to be issued in the early periods of audit firm tenure. At audit partner level, I find evidence that a restatement is more likely to be issued in the early periods of engagement partner tenure, whereas review partner tenure is not a significant predictor of the probability of issuing a restatement. The joint analysis, however, reveals that the increased risk of material misstatements in the early periods is mainly due to engagement partner tenure. This finding stresses the importance of controlling for audit partner tenure when investigating the effects of audit firm tenure on audit quality (and vice versa) and also raises the question as to whether the results of prior studies that do not control for audit partner tenure and report a higher probability of restatements in the early

periods of audit firm tenure might be due to effects at audit partner level. The presence of an interaction effect between audit firm tenure and audit partner tenure cannot be substantiated.

Using the probability of meeting or just beating analysts' forecasts, I fail to find convincing evidence of an association between audit firm and/or audit partner tenure and audit quality. However, similar to the findings of the GCO analysis, further analysis reveals an interaction effect of audit firm tenure and audit partner tenure. More specific, increasing engagement and review partner tenure are associated with a lower probability of meeting or just beating analysts' forecasts and increasing audit firm tenure moderates the negative effect at audit partner level. Thus, increasing audit firm tenure has detrimental effects on audit quality by negatively impacting audit quality at audit partner level. The final proxy used to infer audit quality is the magnitude of discretionary accruals. The results from the discretionary accruals analysis fail to provide evidence that the magnitude of discretionary accruals is associated with audit firm and/or audit partner tenure and also do not provide evidence for an interaction effect between audit firm and audit partner tenure.

Overall, the results of the analyses are mixed. On the one hand, I find that increasing audit firm tenure negatively affects audit quality by negatively affecting audit quality at audit partner level when using the propensity of issuing a GCO and the probability of meeting or just beating analysts' forecasts. These results provide support to the regulatory concern that extended audit firm tenure has detrimental effects on audit quality and also renders support to the recent regulatory measure of the European Commission to prescribe a mandatory rotation rule at audit firm level. On the other hand, the findings using the probability of issuing a restatement fail to find support for the recent regulatory requirement. Although the results do not suggest that audit firm tenure is associated with the incidences of restatements, the finding that the probability of issuing a restatement decreases as engagement partner tenure increases suggests that mandatory audit firm rotation could nonetheless have detrimental effects on audit quality. The rotation of the audit firm leads in

most cases to the rotation of the engagement partner.[871] Furthermore, these findings also suggest that the mandatory rotation at audit partner level in Germany has detrimental effects on audit quality. The results using the magnitude of discretionary accruals also fail to find support for the recently implemented mandatory rotation rule at audit firm level.

The inconclusive results might be due to the different proxies measuring differing degrees of the auditor's competence and independence.[872] It is conceivable that the probability of issuing a GCO and the probability of meeting or just beating analysts' forecasts might proxy the auditor's independence to a greater degree. Auditors use financial figures in order to assess the appropriateness of a GCO. Furthermore, the issuance of a GCO entails extensive discussions with the client (→ 3.1.1). The decision on whether there are substantial doubts about the client's going concern might therefore be less dependent on the auditor's technical abilities but rather influenced by the auditor's level of independence. The probability of meeting or just beating analysts' forecasts might proxy the auditor's independence to a greater degree as well since earnings forecasts for clients are also accessible to the auditor. Identifying clients that meet or just beat analysts' forecasts is therefore unlikely to be related to the auditor's technical abilities. Auditors of clients that dissimulate (im)material earnings overstatements/understatements in order to meet or just beat analysts' forecasts might be more likely to be better able to detect such positions since managers' incentives are more evident (→ 3.1.2.1).[873] The auditor then discusses with the client whether these positions need to be adjusted. The decision of whether these positions are ultimately adjusted might therefore be more dependent on the level of the auditor's independence. The detection of material misstatements, however, might depend to a greater extent on the technological capabilities of the auditor, which also include the knowledge of the client's accounting system. Furthermore, incentives for the

---

871 A rotation of the audit firm does not lead to a rotation of the audit partner, if the audit partner is hired by a new audit firm and takes the client with him to the new audit firm.

872 Both components are in reality unlikely to be separable. The intensity of searching for a breach depends on the willingness of the auditor to disclose that breach. Cf. *DeAngelo* (1981a), footnote 3.

873 Nonetheless, the auditor's technical abilities are important in order to identify positions that are used by the client to meet or just beat analysts' forecasts.

auditor not to report identified material misstatements might be low due to possible severe sanctions and reputational loss when detected by the enforcement system. (→ 2.3.3.2). In this context, the results of the study suggest that a mandatory audit firm rotation might have positive effects on audit quality by enhancing the level of the auditor's independence. But at the same time, a mandatory audit firm rotation might negatively affect audit quality by having detrimental effects on the probability to detect material misstatements. Given these results, it is not possible to clearly support the recent regulatory requirement of the European Commission. Furthermore, the results only provide evidence with regard to actual audit quality. However, the debate on mandatory audit firm rotation should also include empirical evidence investigating the effect of audit firm tenure on perceived audit quality.[874]

The results of this study are to be interpreted with caution. The following limitations that are inherent to audit quality studies should be considered.[875] First, this study is set in an institutional setting and in a sample period with voluntary audit firm rotation and mandatory audit partner rotation. The results cannot be readily generalized to an institutional setting with mandatory audit firm rotation and/or voluntary audit partner rotation.[876] Second, the quality of accounting standards also influences the quality of the reported earnings. The research design, however, does not allow to (completely) separate audit quality from accounting standard quality. Poor accounting standard quality, e.g. when financial reporting is misleading in spite of being acceptable under the prescribed accounting standards, might lead to erroneous conclusions about audit quality.[877] Third, despite various robustness checks, endogeneity problems between audit firm tenure/audit partner tenure and the proxies used to infer audit quality cannot be completely ruled out (omitted variable bias).[878] For example, the probability of issuing a restatement may also depend on the strength of the internal control system, on the number and complexity of subsidiary companies, or on whether acquisitions have taken place and which

---

874 Cf. *Jackson et al.* (2008), p. 434.
875 For further limitations of the proxies used to infer audit quality, see sec. 3.1.
876 Cf. *Johnson et al.* (2002), p. 640; *Myers et al.* (2003), p. 792.
877 Cf. *Lo* (2008), p. 351; *Knechel* (2009), pp. 5 f.; *Knechel et al.* (2013), p. 398.
878 Cf. *Stanley/DeZoort* (2007), pp. 155 f.

effect these acquisition have on the reporting system. These variables are not included in the regression models due to data restrictions. Fourth, the proxies used to infer audit quality might be somewhat noisy. The analysis using the propensity of issuing a GCO is restricted to clients in financial distress. However, the decision of whether a GCO is issued also depends on detailed future cash flow projections, contract conditions with suppliers, or potential financing opportunities. Such private information, that the auditor is likely to have cannot be incorporated in the regression models. The incidences of restatements might be biased by the DPR focusing on special accounting issues, on cases with high probabilities of success and that have a potential message value, or on audit engagements where the audit firm or audit partner(s) have just rotated. Furthermore, the incidences of restatements in this study are with only 38 restatements extremely small compared to the overall population (about 2.60%). This limits to some extent the validity of the reported results.[879] The results of the benchmark beating analysis might not be generizable to companies that do not have analysts making a forecast. These companies might not face the same public pressure to meet or beat the forecasts.[880] Lastly, although widely used, the magnitude of discretionary accruals is known to be a somewhat noisy indicator for earnings quality. Thus, possible measurement errors cannot be ruled out.[881]

Since the debate on mandatory audit firm rotation should also include aspects of perceived audit quality, further research is needed on whether extended audit firm tenure or mandatory audit firm rotation influence the decision of financial statements users in buying, holding, or selling equity of an entity. Future research should also examine in more depth interaction effects between the audit firm and the individual audit partners within the organization. For example, how various governance arrangements, such as

---

879 An alternative approach is to match the restatement observations with no restatement observations based on the size, industry and fiscal year as done by *Carcello/Nagy* (2004). However, from the 38 restatement observations, I find only 16 observations without restatement that are similar in size (within a 10% range), are in the same industry and have restated the financial statements in the same fiscal year. Cf. *Carcello/Nagy* (2004), p. 61.

880 Cf. *Davis et al.* (2009), p. 541.

881 Cf. *Chi et al.* (2009), p. 361; *Krauß et al.* (2015), p. 71.

future career opportunities, the culture within the audit firm, or different remuneration schemes affect the individual audit partner's client retention incentives, and whether and/or how increasing tenure affects these incentives. Further research is also needed on the interaction between audit firm tenure and audit partner tenure in other institutional settings, e.g. where audit firm and audit partner rotation are voluntary. In such an institutional setting the results might differ since quasi-rents are potentially unlimited at audit firm and audit partner level. This might exacerbate detrimental effects on audit quality with ongoing tenure. It is also unclear whether mandatory audit partner rotation has the desired effect of enhancing audit quality. The expected effect of limiting the quasi-rents of individual audit partners from a specific client might be undermined by within audit firm pressure and global career opportunities in the audit firm. Future research could investigate whether such factors offset the expected positive effect of a mandatory audit partner rotation on audit quality. Another field that provides research opportunities is where and how client-specific knowledge is accumulated. The results of the restatement analysis suggest that client-specific knowledge is engagement partner-specific. Future research could investigate whether engagement partner-specific knowledge is transferrable and/or how knowledge at engagement partner level can be pooled at audit firm level and be effectively used by other individuals within the audit firm. Further research is also warranted on whether audit partner-specific traits affect audit quality. For example, whether audit firms deploy more experienced audit partners to more risky engagements and audit partners with lower levels of work experience to clients that are perceived as less risky. Lastly, the descriptive results of the study show a relatively high rotation frequency at audit partner level. Future research could investigate possible determinants for a voluntary internal rotation.

References

Acemoglu, D./Gietzmann, M. B. (1997): Auditor Independence, Incomplete Contracts and the Role of Legal Liability, in: European Accounting Review, Vol. 6, No. 3, pp. 355–375.

Adam, S. (2007): Das Going-Concern-Prinzip in der Jahresabschlusspruefung, Wiesbaden.

AICPA (1978): The Commission on Auditors' Responsibilities: Report, Conclusions, and Recommendations., New York, Available at: http://documents.routledge-interactive.s3.amazonaws.com/9780415508117/articles/commission.pdf (Last Accessed: February 28th, 2015).

AICPA (2010): Response to EC Green Paper "Audit Policy: Lessons from the Crisis", s.l., Available at: http://www.aicpa.org/Advocacy/International/DownloadableDocuments/AICPAresponse-EUGreenpaper.pdf (Last Accessed: February 28th, 2015).

Aiken, L. S./West, S. G. (1993): Multiple Regression: Testing and Interpreting Interactions, 3rd Edition, Newbury Park, California.

Alcarria Jaime, J./de Albornoz Noguer, B. G. (2004): Specification and Power of Cross-Sectional Abnormal Working Capital Accruals Models in the Spanish Context, in: European Accounting Review, Vol. 13, No. 1, pp. 73–104.

Anderson, U./Kadous, K./Koonce, L. (2004): The Role of Incentives to Manage Earnings and Quantification in Auditors' Evaluations of Management-Provided Information, in: Auditing: A Journal of Practice and Theory, Vol. 23, No. 1, pp. 11–27.

Anthony, J. H./Ramesh, K. (1992): Association Between Accounting Performance Measures and Stock Prices, in: Journal of Accounting and Economics, Vol. 15, No. 2-3, pp. 203–227.

Antle, R. (1980): Moral Hazard and Auditor Contracts: An Approach to Auditors' Legal Liability and Independence, Stanford University.

Antle, R. (1982): The Auditor as an Economic Agent, in: Journal of Accounting Research, Vol. 20, No. 2, pp. 503–527.

Antle, R. (1984): Auditor Independence, in: Journal of Accounting Research, Vol. 22, No. 1, pp. 1–20.

Antle, R./Nalebuff, B. (1991): Conservatism and Auditor-Client Negotiations, in: Journal of Accounting Research, Vol. 29, Supplement, pp. 31–54.

Arel, B./Brody, R./Pany, K. (2006): Findings on the Effects of Audit Firm Rotation on the Audit Process under Varying Strengths of Corporate Governance, in: Advances in Accounting, Vol. 22, pp. 1–27.

Arens, A. A./Lobbecke, J. K. (1976): Auditing - An Integrated Approach, Englewood Cliffs, New Jersey 1976.

Arrow, K. J. (1985): The Economics of Agency, in: Pratt, J. W./Zeckhauser, R. J. (Eds.): Principals and Agents: The Structure of Business, Boston 1985, pp. 37–51.

Arruñada, B./Paz-Ares, C. (1997): Mandatory Rotation of Company Auditors: A Critical Examination, in: International Review of Law and Economics, Vol. 17, No. 1, pp. 31–61.

Ayers, B. C./Jiang, J./Yeung, P. E. (2006): Discretionary Accruals and Earnings Management: An Analysis of Pseudo Earnings Targets, in: The Accounting Review, Vol. 81, No. 3, pp. 617–652.

Bagnoli, M./Watts, S. G. (2000): The Effect of Relative Performance Evaluation on Earnings Management: A Game-Theoretic Approach, in: Journal of Accounting and Public Policy, Vol. 19, No. 4-5, pp. 377–397.

Baiman, S. (1979): Discussion of Auditing: Incentives and Truthful Reporting, in: Journal of Accounting Research, Vol. 17, Supplement, pp. 25–29.

Baiman, S./Evans, J. H./Noel, J. (1987): Optimal Contracts with a Utility-Maximizing Auditor, in: Journal of Accounting Research, Vol. 25, No. 2, pp. 217–244.

Ball, R./Shivakumar, L. (2006): The Role of Accruals in Asymmetrically Timely Gain and Loss Recognition, in: Journal of Accounting Research, Vol. 44, No. 2, pp. 207–242.

Ballwieser, W. (1987): Auditing in an Agency Setting, in: Bamberg, G./Spremann, K. (Eds.): Agency Theory, Information, and Incentives, Berlin et al. 1987, pp. 327-346.

Bandyopadhyay, S. P./Chen, C./Yu, Y. (2014): Mandatory Audit Partner Rotation, Audit Market Concentration, and Audit Quality: Evidence from China, in: Advances in Accounting, Vol. 30, No. 1, pp. 18–31.

Bartov, E./Givoly, D./Hayn, C. (2002): The Rewards to Meeting or Beating Earnings Expectations, in: Journal of Accounting and Economics, Vol. 33, No. 2, pp. 173–204.

Bartov, E./Gul, F. A./Tsui, J. S. L. (2000): Discretionary-Accruals Models and Audit Qualifications, in: Journal of Accounting and Economics, Vol. 30, No. 3, pp. 421–452.

Basu, S. (1997): The Conservatism Principle and the Asymmetric Timeliness of Earnings, in: Journal of Accounting and Economics, Vol. 24, No. 1, pp. 3–37.

Beasley, M. S./Carcello, J. V./Hermanson, D. R./Neal, T. L. (2010): Fraudulent Financial Reporting 1998-2007: An Analysis of U.S. Public Companies, Jersey City, New Jersey, Available at: http://www.coso.org/documents/COSOFRAUDSTUDY2010_001.pdf (Last Accessed: February 28th, 2015).

Beaver, W. H./McNichols, M. F./Nelson, K. K. (2007): An Alternative Interpretation of the Discontinuity in Earnings Distributions, in: Review of Accounting Studies, Vol. 12, No. 4, pp. 525-556.

Beaver, W. H./Ryan, S. G. (2005): Conditional and Unconditional Conservatism: Concepts and Modeling, in: Review of Accounting Studies, Vol. 10, No. 2-3, pp. 269-309.

Becker, C. L./DeFond, M. L./Jiambalvo, J./Subramanyam, K. R. (1998): The Effect of Audit Quality on Earnings Management, in: Contemporary Accounting Research, Vol. 15, No. 1, pp. 1–24.

Bedard, J. C./Johnstone, K. M. (2010): Audit Partner Tenure and Audit Planning and Pricing, in: Auditing: A Journal of Practice and Theory, Vol. 29, No. 2, pp. 45–70.

Behn, B. K./Choi, J.-H./Kang, T. (2008): Audit Quality and Properties of Analyst Earnings Forecasts, in: The Accounting Review, Vol. 83, No. 2, pp. 327–349.

Bell, T. B./Peecher, M. E./Solomon, I. (2005): The 21st Century Public Company Audit, s.l.

Belsley, D. A./Kuh, E./Welsch, R. E. (1980): Regression Diagnostics: Identifying Influential Data and Sources of Collinearity, New York 1980.

Beneish, M. D. (2001): Earnings Management: A Perspective, in: Managerial Finance, Vol. 27, No. 12, pp. 3–17.

Bernardi, R. A./Arnold, D. F. (1997): An Examination of Moral Development within Public Accounting by Gender, Staff Level, and Firm, in: Contemporary Accounting Research, Vol. 14, No. 4, pp. 653–668.

Bessell, M./Anandarajan, A./Umar, A. (2003): Information Content, Audit Reports and Going-Concern: An Australian Study, in: Accounting and Finance, Vol. 43, No. 3, pp. 261–282.

Bierstaker, J. L./Houston, R./Wright, A. (2006): The Impact of Competition on Audit Planning, Review, and Performance, in: Journal of Accounting Literature, Vol. 25, pp. 1–58.

Bierstaker, J. L./Wright, S. (2001): A Research Note Concerning Practical Problem-Solving Ability as a Predictor of Performance in Auditing Tasks, in: Behavioral Research in Accounting, Vol. 13, No. 1, pp. 49–62.

Blankley, A. I./Hurtt, D. N./MacGregor, J. E. (2014): The Relationship Between Audit Report Lags and Future Restatements, in: Auditing: A Journal of Practice and Theory, Vol. 33, No. 2, pp. 27–57.

Blay, A. D./Geiger, M. A. (2001): Market Expectations for First-Time Going-Concern Recipients, in: Journal of Accounting, Auditing and Finance, Vol. 16, No. 3, pp. 209–226.

Blay, A. D./Geiger, M. A. (2013): Auditor Fees and Auditor Independence: Evidence from Going Concern Reporting Decisions, in: Contemporary Accounting Research, Vol. 30, No. 2, pp. 579–606.

Bonner, S. E./Lewis, B. L. (1990): Determinants of Auditor Expertise, in: Journal of Accounting Research, Vol. 28, Supplement, pp. 1–20.

Bonner, S. E./Palmrose, Z.-V./Young, S. M. (1998): Fraud Type and Auditor Litigation: An Analysis of SEC Accounting and Auditing Enforcement Releases, in: The Accounting Review, Vol. 73, No. 4, pp. 503–532.

Boone, J. P./Khurana, I. K./Raman, K. K. (2010): Do the Big4 and the Second-Tier Firms Provide Audits of Similar Quality?, in: Journal of Accounting and Public Policy, Vol. 29, No. 4, pp. 330–352.

Bortz, J./Doering, N. (2006): Forschungsmethoden und Evaluation fuer Human- und Sozialwissenschaftler, 4th Edition, Berlin et al.

Bradshaw, M. T./Richardson, S. A./Sloan, R. G. (2001): Do Analysts and Auditors Use Information in Accruals?, in: Journal of Accounting Research, Vol. 39, No. 1, pp. 45–74.

Brown, L. D./Caylor, M. L. (2005): A Temporal Analysis of Quarterly Earnings Thresholds: Propensities and Valuation Consequences, in: The Accounting Review, Vol. 80, No. 2, pp. 423–440.

Brown-Liburd, H.L./Cohen, J./Trompeter, G. M. (2013): Effects of Earnings Forecasts and Heightened Professional Skepticism on the Outcomes of Client–Auditor Negotiation, in: Journal of Business Ethics, Vol. 116, No. 2, pp. 311–325.

Burgstahler, D./Chuk, E. (2014): Do Scaling and Selection Explain Earnings Discontinuities?, in: Journal of Accounting and Economics (forthcoming).

Burgstahler, D./Dichev, I. D. (1997): Earnings Management to Avoid Earnings Decreases and Losses, in: Journal of Accounting and Economics, Vol. 24, No. 1, pp. 99–126.

Butler, M./Leone, A. J./Willenborg, M. (2004): An Empirical Analysis of Auditor Reporting and its Association with Abnormal Accruals, in: Journal of Accounting and Economics, Vol. 37, No. 2, pp. 139–165.

Callaghan, J./Parkash, M./Singhal, R. (2009): Going-Concern Audit Opinions and the Provision of Nonaudit Services: Implications for Auditor Independence of Bankrupt Firms, in: Auditing: A Journal of Practice and Theory, Vol. 28, No. 1, pp. 153–169.

Cameran, M./Prencipe, A./Trombetta, M. (2014): Mandatory Audit Firm Rotation and Audit Quality, in: European Accounting Review (forthcoming).

Caramanis, C./Lennox, C. (2008): Audit Effort and Earnings Management, in: Journal of Accounting and Economics, Vol. 45, No. 1, pp. 116–138.

Carcello, J. V./Nagy, A. L. (2004): Audit Firm Tenure and Fraudulent Financial Reporting, in: Auditing: A Journal of Practice and Theory, Vol. 23, No. 2, pp. 55–71.

Carcello, J. V./Palmrose, Z.-V. (1994): Auditor Litigation and Modified Reporting on Bankrupt Clients, in: Journal of Accounting Research, Vol. 32, No. 3, pp. 1–30.

Carey, P./Geiger, M. A./O'Connell, B. T. (2008): Costs Associated with Going-Concern-Modified Audit Opinions: An Analysis of the Australian Audit Market, in: Abacus, Vol. 44, No. 1, pp. 61–81.

Carey, P./Simnett, R. (2006): Audit Partner Tenure and Audit Quality, in: The Accounting Review, Vol. 81, No. 3, pp. 653–676.

Carpenter, T. D./Reimers, J. L. (2013): Professional Skepticism: The Effects of a Partner's Influence and the Level of Fraud Indicators on Auditors' Fraud Judgments and Actions, in: Behavioral Research in Accounting, Vol. 25, No. 2, pp. 45–69.

Carson, E./Fargher, N. L./Geiger, M. A./Lennox, C. S./Raghunandan, K./Willekens, M. (2013): Audit Reporting for Going-Concern Uncertainty: A Research Synthesis, in: Auditing: A Journal of Practice and Theory, Vol. 32, Supplement 1, pp. 353–384.

Catanach, A. H./Walker, P. L. (1999): The International Debate over Mandatory Auditor Rotation: A Conceptual Research Framework, in: Journal of International Accounting, Auditing and Taxation, Vol. 8, No. 1, pp. 43–66.

Causholli, M./Knechel, R. W. (2012): An Examination of the Credence Attributes of an Audit, in: Accounting Horizons, Vol. 26, No. 4, pp. 631–656.

Chang, C. J./Hwang, N.-C. (2003): The Impact of Retention Incentives and Client Business Risks on Auditors' Decisions Involving Aggressive Reporting Practices, in: Auditing: A Journal of Practice and Theory, Vol. 22, No. 2, pp. 207–218.

Chen, C.-Y./Lin, C.-J./Lin, Y.-C. (2008): Audit Partner Tenure, Audit Firm Tenure, and Discretionary Accruals: Does Long Auditor Tenure Impair Earnings Quality?, in: Contemporary Accounting Research, Vol. 25, No. 2, pp. 415–445.

Chi, W./Huang, H. (2005): Discretionary Accruals, Audit-Firm Tenure and Audit-Partner Tenure: Empirical Evidence from Taiwan, in: Journal of Contemporary Accounting and Economics, Vol. 1, No. 1, pp. 65–92.

Chi, W./Huang, H./Liao, Y./Xie, H. (2009): Mandatory Audit Partner Rotation, Audit Quality, and Market Perception: Evidence from Taiwan, in: Contemporary Accounting Research, Vol. 26, No. 2, pp. 359–391.

Chin, C.-L./Chi, H.-Y. (2009): Reducing Restatements with Increased Industry Expertise, in: Contemporary Accounting Research, Vol. 26, No. 3, pp. 729–765.

Choi, J.-H./Kim, C./Kim, J.-B./Zang, Y. (2010): Audit Office Size, Audit Quality, and Audit Pricing, in: Auditing: A Journal of Practice and Theory, Vol. 29, No. 1, pp. 73–97.

Chung, H./Kallapur, S. (2003): Client Importance, Nonaudit Services, and Abnormal Accruals, in: The Accounting Review, Vol. 78, No. 4, pp. 931–955.

Citron, D. B./Taffler, R. J. (1992): The Audit Report under Going Concern Uncertainties: An Empirical Analysis, in: Accounting and Business Research, Vol. 22, No. 88, pp. 337–345.

Cohen, D. A./Dey, A./Lys, T. Z. (2008): Real and Accrual-Based Earnings Management in the Pre- and Post-Sarbanes-Oxley Periods, in: The Accounting Review, Vol. 83, No. 3, pp. 757–787.

Copley, P. A./Doucet, M. S. (1993): Auditor Tenure, Fixed Fee Contracts, and the Supply of Substandard Single Audits, in: Public Budgeting and Finance, Vol. 13, No. 3, pp. 23–35.

Coulton, J./Taylor, S. L. (2005): Is "Benchmark Beating" by Australian Firms Evidence of Earnings Management?, in: Accounting and Finance, Vol. 45, No. 4, pp. 553–576.

Craswell, A. T. (1988): The Association Between Qualified Opinions and Auditor Switches, in: Accounting and Business Research, Vol. 19, No. 73, pp. 23–31.

Craswell, A. T./Francis, J. R./Taylor, S. L. (1995): Auditor Brand Name Reputations and Industry Specializations, in: Journal of Accounting and Economics, Vol. 20, No. 3, pp. 297–322.

Danos, P./Eichenseher, J. W./Holt, D. L. (1989): Specialized Knowledge and its Communication in Auditing, in: Contemporary Accounting Research, Vol. 6, No. 1, pp. 91–109.

Daske, H./Gebhardt, G./McLeay, S. (2006): The Distribution of Earnings Relative to Targets in the European Union, in: Accounting and Business Research, Vol. 36, No. 3, pp. 137–167.

Daugherty, B. E./Dickins, D./Hatfield, R. C./Higgs, J. L. (2012): An Examination of Partner Perceptions of Partner Rotation: Direct and Indirect Consequences to Audit Quality, in: Auditing: A Journal of Practice and Theory, Vol. 31, No. 1, pp. 97–114.

Davidson, R. A./Neu, D. (1993): A Note on the Association Between Audit Firm Size and Audit Quality, in: Contemporary Accounting Research, Vol. 9, No. 2, pp. 479–488.

Davis, L. R./Soo, B. S./Trompeter, G. M. (2009): Auditor Tenure and the Ability to Meet or Beat Earnings Forecasts, in: Contemporary Accounting Research, Vol. 26, No. 2, pp. 517–548.

DeAngelo, L. E. (1981a): Auditor Independence, "Low Balling", and Disclosure Regulation, in: Journal of Accounting and Economics, Vol. 3, No. 2, pp. 113–127.

DeAngelo, L. E. (1981b): Auditor Size and Audit Quality, in: Journal of Accounting and Economics, Vol. 3, No. 3, pp. 183–199.

Dechow, P. M. (1994): Accounting Earnings and Cash Flows as Measures of Firm Performance: The Role of Accounting Accruals, in: Journal of Accounting and Economics, Vol. 18, No. 1, pp. 3–42.

Dechow, P. M./Dichev, I. D. (2002): The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors, in: The Accounting Review, Vol. 77, No. 4, pp. 35–59.

Dechow, P. M./Ge, W./Larson, C. R./Sloan, R. G. (2011): Predicting Material Accounting Misstatements, in: Contemporary Accounting Research, Vol. 28, No. 1, pp. 17–82.

Dechow, P. M./Ge, W./Schrand, C. (2010): Understanding Earnings Quality: A Review of the Proxies, their Determinants and their Consequences, in: Journal of Accounting and Economics, Vol. 50, No. 2-3, pp. 344–401.

Dechow, P. M./Richardson, S. A./Tuna, I. (2003): Why are Earnings Kinky? An Examination of the Earnings Management Explanation, in: Review of Accounting Studies, Vol. 8, No. 2-3, pp. 355-384.

Dechow, P. M./Skinner, D. J. (2000): Earnings Management: Reconciling the Views of Accounting Academics, Practitioners, and Regulators, in: Accounting Horizons, Vol. 14, No. 2, pp. 235–250.

Dechow, P. M./Sloan, R. G. (1995): Detecting Earnings Management, in: The Accounting Review, Vol. 70, No. 2, pp. 193–225.

Dechow, P. M./Sloan, R. G./Sweeney, A. P. (1996): Causes and Consequences of Earnings Manipulation: An Analysis of Firms Subject to Enforcement Actions by the SEC, in: Contemporary Accounting Research, Vol. 13, No. 1, pp. 1–36.

DeFond, M. L./Jiambalvo, J. (1991): Incidence and Circumstances of Accounting Errors, in: The Accounting Review, Vol. 66, No. 3, pp. 643–655.

DeFond, M. L./Raghunandan, K./Subramanyam, K. R. (2002): Do Non-Audit Service Fees Impair Auditor Independence? Evidence from Going Concern Audit Opinions, in: Journal of Accounting Research, Vol. 40, No. 4, pp. 1247–1274.

Degeorge, F./Patel, J./Zeckhauser, R. J. (1999): Earnings Management to Exceed Thresholds, in: The Journal of Business, Vol. 72, No. 1, pp. 1–33.

Deloitte and Touche (2013): Transparenzbericht 2013, s.l., Available at: http://www.deloitte.com/assets/Dcom-Germany/Local%20Assets/Documents/16_Kommunikation/2013/DE_Corp_Transparenzbericht_2013_DuT_280313.pdf (Last Accessed: February 28th, 2015).

Demski, J. S./Patell, J. M./Wolfson, M. A. (1984): Decentralized Choice of Monitoring Systems, in: The Accounting Review, Vol. 59, No. 1, pp. 16–34.

DeZoort, F. T./Lord, A. T. (1997): A Review and Synthesis of Pressure Effects Research in Accounting, in: Journal of Accounting Literature, Vol. 16, pp. 28–85.

Dhaliwal, D. S./Gleason, C. A./Mills, L. F. (2004): Last-Chance Earnings Management: Using the Tax Expense to Meet Analysts' Forecasts, in: Contemporary Accounting Research, Vol. 21, No. 2, pp. 431–460.

Dichev, I. D./Graham, J. R./Harvey, C. R./Rajgopal, S. (2013): Earnings Quality: Evidence from the Field, in: Journal of Accounting and Economics, Vol. 56, No. 2–3, Supplement 1, pp. 1–33.

Dichev, I. D./Graham, J. R./Harvey, C. R./Rajgopal, S. (2014): The Misrepresentation of Earnings, Working Paper.

Dickey, J. C./Sturc, J. H./Collins, P. J./Mack, S. (2001): SEC Investigations and Enforcement Actions: An Overview and Discussion of Recent Trends in Accounting Fraud Investigations, s.l., Available at: http://www.gibsondunn.com/fstore/documents/pubs/SEC_Investigations.pdf (Last Accessed: February 28th, 2015).

Dohmen, T./Falk, A./Huffman, D./Sunde, U./Schupp, J./Wagner, G. G. (2011): Individual Risk Attitudes: Measurement, Determinants, and Behavioral Consequences, in: Journal of the European Economic Association, Vol. 9, No. 3, pp. 522–550.

Donelson, D. C./McInnis, J. M./Mergenthaler, R. D. (2013): Discontinuities and Earnings Management: Evidence from Restatements Related to Securities Litigation, in: Contemporary Accounting Research, Vol. 30, No. 1, pp. 242–268.

Dopuch, N./King, R. R./Schwartz, R. (2001): An Experimental Investigation of Retention and Rotation Requirements, in: Journal of Accounting Research, Vol. 39, No. 1, pp. 93–117.

Doupnik, T. S./Richter, M. (2003): Interpretation of Uncertainty Expressions, in: Accounting, Organizations and Society, Vol. 28, No. 1, pp. 15–35.

Dowling, C./Leech, S. (2007): Audit Support Systems and Decision Aids: Current Practice and Opportunities forFfuture Research, in: International Journal of Accounting Information Systems, Vol. 8, pp. 92–116.

Durtschi, C./Easton, P. (2005): Earnings Management? The Shapes of the Frequency Distributions of Earnings Metrics are not Evidence Ipso Facto, in: Journal of Accounting Research, Vol. 43, No. 4, pp. 557–592.

Durtschi, C./Easton, P. (2009): Earnings Management? Erroneous Inferences Based on Earnings Frequency Distributions, in: Journal of Accounting Research, Vol. 47, No. 5, pp. 1249–1281.

Eisenhardt, K. M. (1989): Agency Theory: An Assessment and Review, in: The Academy of Management Review, Vol. 14, No. 1, pp. 57–74.

Ernst and Young (2013): Transparenzbericht 2013, Stuttgart, Available at: http://www.ey.com/Publication/vwLUAssets/EY_Transparenzbericht_2013/$FILE/EY-Transparenzbericht-2013.pdf (Last Accessed: February 28th, 2015).

Ernstberger, J./Koch, C./Tan, H.-T. (2013): Lead Auditor Expertise, Audit Quality, and Audit Fees, Working Paper.

Ernstberger, J./Stich, M./Vogler, O. (2012): Economic Consequences of Accounting Enforcement Reforms: The Case of Germany, in: European Accounting Review, Vol. 21, No. 2, pp. 217–251.

Ettredge, M./Scholz, S./Smith, K. R./Sun, L. (2010): How Do Restatements Begin? Evidence of Earnings Management Preceding Restated Financial Reports, in: Journal of Business Finance and Accounting, Vol. 37, No. 3-4, pp. 332–355.

European Commission (2010): Green Paper - Audit Policy: Lessons from the Crisis, COM (2010) 561 final, Brussels.

European Commission (2011): Commission Staff Working Paper Impact Assessment Accompanying the Document Proposal for a Directive of the European Parliament and of the Council Amending Directive 2006/43/EC on Statutory Audits of Annual Accounts and Consolidated Accounts and a Proposal for a Regulation of the European Parliament and of the Council on Specific Requirements Regarding Statutory Audit of Public-interest Entities, COM(2011) 779 final, SEC(2011)1385 final, Brussels.

European Commission (2014): Regulation (EU) No 537/2014 of 16 April 2014 on Specific Requirements Regarding Statutory Audit of Public-Interest Entities and Repealing Commission Decision 2005/909/EC, 16 June 2014, Brussels.

Ewert, R. (1990): Wirtschaftspruefung und asymmetrische Information, Berlin et al.

Ewert, R./Stefani, U. (2001): Wirtschaftspruefung, in: Jost, P.-J/Backes-Gellner, U. (Eds.): Die Prinzipal-Agenten-Theorie in der Betriebswirtschaftslehre, Stuttgart, pp. 147–182.

Fairfield, P. M./Whisenant, J. S./Yohn, T. L. (2003): Accrued Earnings and Growth: Implications for Future Profitability and Market Mispricing, in: The Accounting Review, Vol. 78, No. 1, pp. 353–371.

Fama, E. F. (1980): Agency Problems and the Theory of the Firm, in: Journal of Political Economy, Vol. 88, No. 2, pp. 288–307.

Fargher, N. L./Lee, H.-Y./Mande, V. (2008): The Effect of Audit Partner Tenure on Client Managers' Accounting Discretion, in: Managerial Auditing Journal, Vol. 23, No. 2, pp. 161–186.

Favere-Marchesi, M./Emby, C. E. N. (2005): The Impact of Continuity on Concurring Partner Reviews: An Exploratory Study, in: Accounting Horizons, Vol. 19, No. 1, pp. 1–10.

FEE (2004): Mandatory Rotation of Audit Firms, s.l., Available at: http://www.fee.be/images/publications/auditing/FEE_Study_on_Mandatory_Rotation_of_Audit_Firms_0410211200556 1253.pdf (Last Accessed: February 28th, 2015).

Ferguson, A./Francis, J. R./Stokes, D. J. (2003): The Effects of Firm-Wide and Office-Level Industry Expertise on Audit Pricing, in: The Accounting Review, Vol. 78, No. 2, pp. 429–448.

Feroz, E. H./Park, K./Pastena, V. S. (1991): The Financial and Market Effects of the SEC's Accounting and Auditing Enforcement Releases, in: Journal of Accounting Research, Vol. 29, No. 3, pp. 107–142.

Firth, M. (1980): A Note on the Impact of Audit Qualifications on Lending and Credit Decisions, in: Journal of Banking and Finance, Vol. 4, No. 3, pp. 257–267.

Firth, M./Rui, O. M./Wu, X. (2012): How Do Various Forms of Auditor Rotation Affect Audit Quality? Evidence from China, in: The International Journal of Accounting, Vol. 47, No. 1, pp. 109–138.

Francis, J./LaFond, R./Olsson, P. M./Schipper, K. (2004): Costs of Equity and Earnings Attributes, in: The Accounting Review, Vol. 79, No. 4, pp. 967–1010.

Francis, J. R. (2004): What Do we Know about Audit Quality?, in: The British Accounting Review, Vol. 36, No. 4, pp. 345–368.

Francis, J. R. (2011): A Framework for Understanding and Researching Audit Quality, in: Auditing: A Journal of Practice and Theory, Vol. 30, No. 2, pp. 125–152.

Francis, J. R./Yu, M. D. (2009): Big4 Office Size and Audit Quality, in: The Accounting Review, Vol. 84, No. 5, pp. 1521–1552.

Frankel, R. M./Johnson, M. F./Nelson, K. K. (2002): The Relation Between Auditors' Fees for Nonaudit Services and Earnings Management, in: The Accounting Review, Vol. 77, No. 4, pp. 71–105.

Franz, D. R./Crawford, D./Johnson, E. N. (1998): The Impact of Litigation Against an Audit Firm on the Market Value of Nonlitigating Clients, in: Journal of Accounting, Auditing and Finance, Vol. 13, No. 2, pp. 117–134.

FRC (2008): The Audit Quality Framework, s.l., Available at: https://www.frc.org.uk/getattachment/79a53c7d-1289-4a9f-bb84-5c9829fb964a/The-Audit-Quality-Framework-%281%29.aspx (Last Accessed: February 28th, 2015).

FRC (2010): Response to the Green Paper "Audit Policy: Lessons from the Crisis", s.l., Available at: https://www.frc.org.uk/Our-Work/Publications/FRC-Board/Choice-FRC-response-to-EC-Green-paper.aspx#page=1&zoom=auto,-14,799 (Last Accessed: February 28th, 2015).

Frey, F. (2014): Die self-fulfilling prophecy in der Abschlusspruefung - Eine empirische Analyse, Freie Universitaet Berlin.

Friestad, M./Wright, P. (1994): The Persuasion Knowledge Model: How People Cope with Persuasion Attempts, in: Journal of Consumer Research, Vol. 21, No. 1, pp. 1–31.

Furubotn, E. G./Richter, R. (2005): Institutions and Economic Theory: The Contribution of the New Institutional Economics, 2nd Edition, Ann Arbor.

GAO (2003): Required Study on the Potential Effects of Mandatory Audit Firm Rotation, Washington D.C.

Geiger, M. A./Raghunandan, K. (2002a): Auditor Tenure and Audit Reporting Failures, in: Auditing: A Journal of Practice and Theory, Vol. 21, No. 1, pp. 67–78.

Geiger, M. A./Raghunandan, K. (2002b): Going-Concern Opinions in the "New" Legal Environment, in: Accounting Horizons, Vol. 16, No. 1, pp. 17–26.

Geiger, M. A./Raghunandan, K./Rama, D. V. (1998): Costs Associated with Going-Concern Modified Audit Opinions: An Analysis of Auditor Changes, Subsequent Opinions, and Client Failures, in: Advances in Accounting, Vol. 16, pp. 117–139.

Geiger, M. A./Rama, D. V. (2003): Audit Fees, Nonaudit Fees, and Auditor Reporting on Stressed Companies, in: Auditing: A Journal of Practice and Theory, Vol. 22, No. 2, pp. 53–69.

Geiger, M. A./Rama, D. V. (2006): Audit Firm Size and Going-Concern Reporting Accuracy, in: Accounting Horizons, Vol. 20, No. 1, pp. 1–17.

Gelhausen, H.-F. (2007): Organisation der Abschlusspruefung, Unterzeichnung von Bestaetigungsvermerken und berufsrechtliche Verantwortung, in: WPK Magazin, No. 4, pp. 58–62.

Ghosh, A./Moon, D. (2005): Auditor Tenure and Perceptions of Audit Quality, in: The Accounting Review, Vol. 80, No. 2, pp. 585–612.

Gibbins, M./Salterio, S. E./Webb, A. (2001): Evidence about Auditor-Client Management Negotiation Concerning Client's Financial Reporting, in: Journal of Accounting Research, Vol. 39, No. 3, pp. 535–563.

Gilson, S. C. (1989): Management Turnover and Financial Distress, in: Journal of Financial Economics, Vol. 25, No. 2, pp. 241–262.

Givoly, D./Hayn, C. (2000): The Changing Time-Series Properties of Earnings, Cash Flows and Accruals: Has Financial Reporting Become More Conservative?, in: Journal of Accounting and Economics, Vol. 29, No. 3, pp. 287–320.

Gjesdal, F. (1981): Accounting for Stewardship, in: Journal of Accounting Research, Vol. 19, No. 1, pp. 208–231.

Gold, A./Molls, F./Pott, C./Watrin, C. (2012): The Effect of Engagement and Review Partner Tenure nad Rotation on Audit Quality: Evidence from Germany, Working Paper.

Graham, J. R./Harvey, C. R./Rajgopal, S. (2005): The Economic Implications of Corporate Financial Reporting, in: Journal of Accounting and Economics, Vol. 40, No. 1-3, pp. 3–73.

Greene, W. H. (2012): Econometric Analysis, 7th Edition, Boston.

Guay, W. (2006): Discussion of The Role of Accruals in Asymmetrically Timely Gain and Loss Recognition, in: Journal of Accounting Research, Vol. 44, No. 2, pp. 243–255.

Gul, F. A./Fung, S. Y. K./Jaggi, B. (2009): Earnings Quality: Some Evidence on the Role of Auditor Tenure and Auditors' Industry Expertise, in: Journal of Accounting and Economics, Vol. 47, No. 3, pp. 265–287.

Gul, F. A./Jaggi, B. L./Krishnan, G. V. (2007): Auditor Independence: Evidence on the Joint Effects of Auditor Tenure and Nonaudit Fees, in: Auditing: A Journal of Practice and Theory, Vol. 26, No. 2, pp. 117–142.

Gunny, K. A./Zhang, T. C. (2013): PCAOB Inspection Reports and Audit Quality, in: Journal of Accounting and Public Policy, Vol. 32, No. 2, pp. 136–160.

Hardies, K./Breesch, D./Branson, J. (2014): Do (Fe)Male Auditors Impair Audit Quality? Evidence from Going-Concern Opinions, in: European Accounting Review, pp. 1–28.

Hayn, C. (1995): The Information Content of Losses, in: Journal of Accounting and Economics, Vol. 20, No. 2, pp. 125–153.

Haynes, C. M./Jenkins, J. G./Nutt, S. R. (1998): The Relationship Between Client Advocacy and Audit Experience: An Exploratory Analysis, in: Auditing: A Journal of Practice and Theory, Vol. 17, No. 2, pp. 88–104.

Healy, P. M. (1985): The Effect of Bonus Schemes on Accounting Decisions, in: Journal of Accounting and Economics, Vol. 7, No. 1-3, pp. 85–107.

Healy, P. M./Wahlen, J. M. (1999): A Review of the Earnings Management Literature and its Implications for Standard Setting, in: Accounting Horizons, Vol. 13, No. 4, pp. 365–383.

Heij, C./Boer, P. de/Franses, P. H./Kloek, T./van Dijk, H. K. (2004): Econometric Methods with Applications in Business and Economics, Oxford et al.

Henderson, M. T. (2007): Paying CEOs in Bankruptcy: Executive Compensation when Agency Costs are Low, in: Northwestern University Law Review, Vol. 101, No. 4, pp. 1543–1618.

Heninger, W. G. (2001): The Association Between Auditor Litigation and Abnormal Accruals, in: The Accounting Review, Vol. 76, No. 1, pp. 111–126.

Hennes, K. M./Leone, A. J./Miller, B. P. (2008): The Importance of Distinguishing Errors from Irregularities in Restatement Research: The Case of Restatements and CEO/CFO Turnover, in: The Accounting Review, Vol. 83, No. 6, pp. 1487–1519.

Hitz, J.-M./Ernstberger, J./Stich, M. (2012): Enforcement of Accounting Standards in Europe: Capital-Market-Based Evidence for the Two-Tier Mechanism in Germany, in: European Accounting Review, Vol. 21, No. 2, pp. 253–281.

Holland, D./Ramsay, A. (2003): Do Australian Companies Manage Earnings to Meet Simple Earnings Benchmarks?, in: Accounting and Finance, Vol. 43, No. 1, pp. 41–62.

Hopwood, W./McKeown, J. C./Mutchler, J. F. (1989): A Test of the Incremental Explanatory Power of Opinions Qualified for Consistency and Uncertainty, in: The Accounting Review, Vol. 64, No. 1, pp. 28–48.

Hosmer, D. W./Lemeshow, S./Sturdivant, R. X. (2013): Applied Logistic Regression, 3rd Edition, Hoboken, N.J.

Hoyle, J. (1978): Mandatory Auditor Rotation: The Arguments and an Alternative, in: Journal of Accountancy, Vol. 145, No. 5, pp. 69–78.

Hrazdil, K./Scott, T. (2013): The Role of Industry Classification in Estimating Discretionary Accruals, in: Review of Quantitative Finance and Accounting, Vol. 40, No. 1, pp. 15-39.

Huang, Y./Scholz, S. (2012): Evidence on the Association Between Financial Restatements and Auditor Resignations, in: Accounting Horizons, Vol. 26, No. 3, pp. 439–464.

Humphrey, C./Kausar, A./Loft, A./Woods, M. (2011): Regulating Audit beyond the Crisis: A Critical Discussion of the EU Green Paper, in: European Accounting Review, Vol. 20, No. 3, pp. 431–457.

Hurtt, R. K./Brown-Liburd, H.L./Earley, C. E./Krishnamoorthy, G. (2013): Research on Auditor Professional Skepticism: Literature Synthesis and Opportunities for Future Research, in: Auditing: A Journal of Practice and Theory, Vol. 32, Supplement 1, pp. 45–97.

IAASB (2014): A Framework For Audit Quality, s.l., Available at: https://www.ifac.org/sites/default/files/publications/files/A-Framework-for-Audit-Quality-Key-Elements-that-Create-an-Environment-for-Audit-Quality-2.pdf (Last Accessed: February 28th, 2015).

IDW (2010): Response to EC Green Paper "Audit Policy: Lessons from the Crisis", s.l., Available at: http://www.idw.de/idw/portal/d603688/index.jsp (Last Accessed: February 28th, 2015).

IESBA (2006): Employment "Cooling off" Period, s.l., Available at: http://www.ifac.org/sites/default/files/meetings/files/1919.pdf (Last Accessed: February 28th, 2015).

IFAC (2010): Response to EC Green Paper "Audit Policy: Lessons from the Crisis", s.l., Available at: http://www.ifac.org/sites/default/files/publications/files/european-commission-s-gre.pdf (Last Accessed: February 28th, 2015).

Imhoff, E. A. (2003): Accounting Quality, Auditing, and Corporate Governance, in: Accounting Horizons, Vol. 17, pp. 117–128.

Jaccard, J./Turrisi, R. (2003): Interaction effects in multiple regression, 2nd ed, Thousand Oaks, Calif.

Jackson, A. B./Moldrich, M./Roebuck, P. (2008): Mandatory Audit Firm Rotation and Audit Quality, in: Managerial Auditing Journal, Vol. 23, No. 5, pp. 420–437.

Jacob, J./Jorgensen, B. N. (2007): Earnings Management and Accounting Income Aggregation, in: Journal of Accounting and Economics, Vol. 43, No. 2-3, pp. 369–390.

Janvrin, D./Caster, P./Elder, R. (2010): Enforcement Release Evidence on the Audit Confirmation Process: Implications for Standard Setters, in: Research in Accounting Regulation, Vol. 22, No. 1, pp. 1–17.

Jensen, M. C./Meckling, W. H. (1976): Theory of the Firm: Managerial Behavior, Agency Costs and Ownership Structure, in: Journal of Financial Economics, Vol. 3, No. 4, pp. 305–360.

Jeter, D. C./Shivakumar, L. (1999): Cross-Sectional Estimation of Abnormal Accruals Using Quarterly and Annual Data: Effectiveness in Detecting Event-Specific Earnings Management, in: Accounting and Business Research, Vol. 29, No. 4, pp. 299–319.

Johnson, V. E./Khurana, I. K./Reynolds, J. K. (2002): Audit-Firm Tenure and the Quality of Financial Reports, in: Contemporary Accounting Research, Vol. 19, No. 4, pp. 637–660.

Jones, J. J. (1991): Earnings Management During Import Relief Investigations, in: Journal of Accounting Research, Vol. 29, No. 2, pp. 193–228.

Jones, K. L./Krishnan, G. V./Melendrez, K. D. (2008): Do Models of Discretionary Accruals Detect Actual Cases of Fraudulent and Restated Earnings? An Empirical Analysis, in: Contemporary Accounting Research, Vol. 25, No. 2, pp. 499–531.

Kaplan, R. S. (1985): Evidence on the Effect of Bonus Schemes on Accounting Procedure and Accrual Decisions, in: Journal of Accounting and Economics, Vol. 7, No. 1-3, pp. 109–113.

Kaplan, S. E./Mauldin, E. G. (2008): Auditor Rotation and the Appearance of Independence: Evidence from Non-Professional Investors, in: Journal of Accounting and Public Policy, Vol. 27, No. 2, pp. 177–192.

Kaplan, S. E./O'Donnell, E. F./Arel, B. M. (2008): The Influence of Auditor Experience on the Persuasiveness of Information Provided by Management, in: Auditing: A Journal of Practice and Theory, Vol. 27, No. 1, pp. 67–83.

Kasznik, R./McNichols, M. F. (2002): Does Meeting Earnings Expectations Matter? Evidence from Analyst Forecast Revisions and Share Prices, in: Journal of Accounting Research, Vol. 40, No. 3, pp. 727–759.

Khurana, I. K./Raman, K. K. (2004): Litigation Risk and the Financial Reporting Credibility of Big4 versus Non-Big4 Audits: Evidence from Anglo-American Countries, in: The Accounting Review, Vol. 79, No. 2, pp. 473–495.

Kinney, W. R./Martin, R. D. (1994): Does Auditing Reduce Bias in Financial Reporting? A Review of Audit-Related Adjustment Studies, in: Auditing: A Journal of Practice and Theory, Vol. 13, No. 1, pp. 149–156.

Kinney, W. R./Palmrose, Z.-V./Scholz, S. (2004): Auditor Independence, Non-Audit Services, and Restatements: Was the U.S. Government Right?, in: Journal of Accounting Research, Vol. 42, No. 3, pp. 561–588.

Klein, A. (2002): Audit Committee, Board of Director Characteristics, and Earnings Management, in: Journal of Accounting and Economics, Vol. 33, No. 3, pp. 375–400.

Klein, B./Leffler, K. B. (1981): The Role of Market Forces in Assuring Contractual Performance, in: Journal of Political Economy, Vol. 89, No. 4, pp. 615–641.

Knechel, R. W. (2009): Audit Lessons from the Economic Crisis: Rethinking Audit Quality. Inaugural Lecture, Maastricht University.

Knechel, R. W./Krishnan, G. V./Pevzner, M./Shefchik, L. B./Velury, U. K. (2013): Audit Quality: Insights from the Academic Literature, in: Auditing: A Journal of Practice and Theory, Vol. 32, pp. 385–421.

Knechel, R. W./Rouse, P./Schelleman, C. (2009): A Modified Audit Production Framework: Evaluating the Relative Efficiency of Audit Engagements, in: The Accounting Review, Vol. 84, No. 5, pp. 1607–1638.

Knechel, R. W./Vanstraelen, A. (2007): The Relationship Between Auditor Tenure and Audit Quality Implied by Going Concern Opinions, in: Auditing: A Journal of Practice and Theory, Vol. 26, No. 1, pp. 113–131.

Kothari, S. P./Leone, A. J./Wasley, C. E. (2005): Performance Matched Discretionary Accrual Measures, in: Journal of Accounting and Economics, Vol. 39, No. 1, pp. 163–197.

KPMG (2013): Transparenzbericht 2013, s.l., Available at: http://www.kpmg.com/DE/de/Documents/KPMG_Deutschland_Transparenzbericht_2013_final.pdf (Last Accessed: February 28th, 2015).

Krauß, P./Pronobis, P./Zülch, H. (2015): Abnormal Audit Fees and Audit Quality: Initial Evidence from the German Audit Market, in: Journal of Business Economics, Vol. 85, No. 1, pp. 45–84.

Krishnan, G. V. (2003): Does Big6 Auditor Industry Expertise Constrain Earnings Management?, in: Accounting Horizons, Vol. 17, Supplement, pp. 1–16.

Krishnan, J./Stephens, R. G. (1996): The Simultaneous Relation Between Auditor Switching and Audit Opinion: An Empirical Analysis, in: Accounting and Business Research, Vol. 26, No. 3, pp. 224–236.

LaPorta, R./Lopez-De-Silanes, F./Shleifer, A. (2006): What Works in Securities Laws?, in: Journal of Finance, Vol. 61, No. 1, pp. 1–32.

Lennox, C. S. (2000): Do Companies Successfully Engage in Opinion-Shopping? Evidence from the UK, in: Journal of Accounting and Economics, Vol. 29, No. 3, pp. 321–337.

Lennox, C. S./Wu, X./Zhang, T. (2014): Does Mandatory Rotation of Audit Partners Improve Audit Quality?, in: The Accounting Review, pp. 1775–1803.

Levitt, A. (1998): The Numbers Game. Remarks Delivered at the NYU Center for Law and Business.

Libby, R. (1995): The Role of Knowledge and Memory in Audit Judgment, in: Ashton, R. H./Ashton, A. H. (Eds.): Auditing, Cambridge 1995, pp. 176–206.

Lim, C.-Y./Tan, H.-T. (2010): Does Auditor Tenure Improve Audit Quality? Moderating Effects of Industry Specialization and Fee Dependence, in: Contemporary Accounting Research, Vol. 27, No. 3, pp. 923–957.

Litt, B./Sharma, D. S./Simpson, T./Tanyi, P. N. (2014): Audit Partner Rotation and Financial Reporting Quality, in: Auditing: A Journal of Practice and Theory, Vol. 33, No. 3, pp. 59–86.

Lo, K. (2008): Earnings Management and Earnings Quality, in: Journal of Accounting and Economics, Vol. 45, No. 2-3, pp. 350–357.

López, D. M./Peters, G. F. (2012): The Effect of Workload Compression on Audit Quality, in: Auditing: A Journal of Practice and Theory, Vol. 31, No. 4, pp. 139–165.

Louwers, T. J. (1998): The Relation Between Going-Concern Opinions and the Auditor's Loss Function, in: Journal of Accounting Research, Vol. 36, No. 1, pp. 143–156.

Lu, T. (2006): Does Opinion Shopping Impair Auditor Independence and Audit Quality?, in: Journal of Accounting Research, Vol. 44, No. 3, pp. 561–583.

Lundeberg, M. A./Fox, P. W./Punćcohaŕ, J. (1994): Highly Confident but Wrong: Gender Differences and Similarities in Confidence Judgments, in: Journal of Educational Psychology, Vol. 86, No. 1, pp. 114–121.

Macho-Stadler, I./Pérez-Castrillo, J. D. (2001): An Introduction to the Economics of Information, 2nd Edition, Oxford.

Maletta, M./Wright, A. (1996): Audit Evidence Planning: An Examination of Industry Error Characteristics, in: Auditing: A Journal of Practice and Theory, Vol. 15, No. 1, pp. 71–86.

Manry, D. L./Mock, T. J./Turner, J. L. (2008): Does Increased Audit Partner Tenure Reduce Audit Quality?, in: Journal of Accounting, Auditing and Finance, Vol. 23, No. 4, pp. 553–572.

Mansi, S. A./Maxwell, W. F./Miller, D. P. (2004): Does Auditor Quality and Tenure Matter to Investors? Evidence from the Bond Market, in: Journal of Accounting Research, Vol. 42, No. 4, pp. 755–793.

Marten, K.-U./Quick, R./Ruhnke, K. (2011): Wirtschaftspruefung, 4th Edition, Stuttgart.

Matsumoto, D. A. (2002): Management's Incentives to Avoid Negative Earnings Surprises, in: The Accounting Review, Vol. 77, No. 3, pp. 483–514.

McCracken, S./Salterio, S. E./Gibbins, M. (2008): Auditor–Client Management Relationships and Roles in Negotiating Financial Reporting, in: Accounting, Organizations and Society, Vol. 33, No. 4–5, pp. 362–383.

McKeown, J. C./Mutchler, J. F./Hopwood, W. (1991): Towards an Explanation of Auditor Failure to Modify the Audit Opinions of Bankrupt Companies, in: Auditing: A Journal of Practice and Theory, Vol. 10, Supplement, pp. 1–13.

McNair, C. J. (1991): Proper Compromises: The Management Control Dilemma in Public Accounting and its Impact on Auditor Behavior, in: Accounting, Organizations and Society, Vol. 16, No. 7, pp. 635–653.

McNichols, M. F. (2000): Research Design Issues in Earnings Management Studies, in: Journal of Accounting and Public Policy, Vol. 19, No. 4–5, pp. 313–345.

McNichols, M. F. (2002): Discussion of The Quality of Accruals and Earnings: The Role of Accrual Estimation Errors, in: The Accounting Review, Vol. 77, No. 4, pp. 61–69.

McVay, S./Nagar, V./Tang, V. W. (2006): Trading Incentives to Meet the Analyst Forecast, in: Review of Accounting Studies, Vol. 11, No. 4, pp. 575-598.

Menon, K./Williams, D. D. (2004): Former Audit Partners and Abnormal Accruals, in: The Accounting Review, Vol. 79, No. 4, pp. 1095–1118.

Menon, K./Williams, D. D. (2010): Investor Reaction to Going Concern Audit Reports, in: The Accounting Review, Vol. 85, No. 6, pp. 2075–2105.

Molls, F. (2013): Der Einfluss von Mandatsdauer, Rotation und Nichtpruefungshonoraren auf die Qualitaet der Abschlusspruefung, Hamburg.

Mutchler, J. F. (1984): Auditor's Perceptions of the Going-Concern Opinion Decision, in: Auditing: A Journal of Practice and Theory, Vol. 3, No. 2, pp. 17–30.

Mutchler, J. F. (1985): A Multivariate Analysis of the Auditor's Going-Concern Opinion Decision, in: Journal of Accounting Research, Vol. 23, No. 2, pp. 668–682.

Mutchler, J. F./Hopwood, W./McKeown, J. C. (1997): The Influence of Contrary Information and Mitigating Factors on Audit Opinion Decisions on Bankrupt Companies, in: Journal of Accounting Research, Vol. 35, No. 2, pp. 295–310.

Myers, J. N./Myers, L. A./Omer, T. C. (2003): Exploring the Term of the Auditor-Client Relationship and the Quality of Earnings: A Case for Mandatory Auditor Rotation?, in: The Accounting Review, Vol. 78, No. 3, pp. 779–799.

Myers, L. A./Schmidt, J./Wilkins, M. (2014): An Investigation of Recent Changes in Going-Concern Reporting Decisions Among BigN and Non-BigN Auditors, in: Review of Quantitative Finance and Accounting, Vol. 43, No. 1, pp. 155–172.

Nelson, M. W. (2009): A Model and Literature Review of Professional Skepticism in Auditing, in: Auditing: A Journal of Practice and Theory, Vol. 28, No. 2, pp. 1–34.

Nelson, M. W./Elliott, J. A./Tarpley, R. L. (2002): Evidence from Auditors about Managers' and Auditors' Earnings Management Decisions, in: The Accounting Review, Vol. 77, No. 1, pp. 175–202.

Ng, D. S. (1978): An Information Economics Analysis of Financial Reporting and External Auditing, in: The Accounting Review, Vol. 53, No. 4, pp. 910–920.

Ng, D. S./Stoeckenius, J. (1979): Auditing: Incentives and Truthful Reporting, in: Journal of Accounting Research, Vol. 17, Supplement, pp. 1–24.

Nogler, G. E. (1995): The Resolution of Auditor Going Concern Opinions, in: Auditing: A Journal of Practice and Theory, Vol. 14, No. 2, pp. 54–73.

Öhman, P./Häckner, E./Sörbom, D. (2012): Client Satisfaction and Usefulness to External Stakeholders from an Audit Client Perspective, in: Managerial Auditing Journal, Vol. 27, No. 5, pp. 477–499.

Owhoso, V. E./Messier, W. F./Lynch, J. G. (2002): Error Detection by Industry-Specialized Teams During Sequential Audit Review, in: Journal of Accounting Research, Vol. 40, No. 3, pp. 883–900.

Palmrose, Z.-V. (1988): An Analysis of Auditor Litigation and Audit Service Quality, in: The Accounting Review, Vol. 63, No. 1, pp. 55–73.

Palmrose, Z.-V./Scholz, S. (2004): The Circumstances and Legal Consequences of Non-GAAP Reporting: Evidence from Restatements, in: Contemporary Accounting Research, Vol. 21, No. 1, pp. 139–190.

Peasnell, K. V./Pope, P. F./Young, S. (2000): Detecting Earnings Management Using Cross-Sectional Abnormal Accruals Models, in: Accounting and Business Research, Vol. 30, No. 4, pp. 313–326.

Peek, E./Meuwissen, R./Moers, F./Vanstraelen, A. (2013): Comparing Abnormal Accruals Estimates across Samples: An International Test, in: European Accounting Review, Vol. 22, No. 3, pp. 533–572.

Penno, M. (1985): Informational Issues in the Financial Reporting Process, in: Journal of Accounting Research, Vol. 23, No. 1, pp. 240–255.

Perry, S. E./Williams, T. H. (1994): Earnings Management Preceding Management Buyout Offers, in: Journal of Accounting and Economics, Vol. 18, No. 2, pp. 157–179.

Petersen, M. A. (2008): Estimating Standard Errors in Finance Panel Data Sets: Comparing Approaches, in: Review of Financial Studies, Vol. 22, No. 1, pp. 435–480.

Phillips, J./Morton P./Rego, S. O. (2003): Earnings Management: New Evidence Based on Deferred Tax Expense, in: The Accounting Review, Vol. 78, No. 2, pp. 491–521.

Plumlee, M./Yohn, T. L. (2010): An Analysis of the Underlying Causes Attributed to Restatements, in: Accounting Horizons, Vol. 24, No. 1, pp. 41–64.

Pratt, J. W./Zeckhauser, R. J. (1985): Principals and Agents: An Overview, in: Pratt, J. W./Zeckhauser, R. J. (Eds.): Principals and Agents: The Structure of Business, Boston 1985, pp. 1–35.

Pryor, C./Terza, J. V. (2002): Are Going-Concern Audit Opinions a Self-Fulfilling Prophecy?, in: Advances in Quantitative Analysis of Finance and Accounting, Vol. 10, pp. 89–116.

PwC (2012): Mandatory Audit Firm Rotation: Why Other Changes Would be Better for Investors, s.l., Available at: http://www.pwc.com/us/en/point-of-view/assets/mandatory-audit-firm-rotation.pdf (Last Accessed: February 28th, 2015).

PwC (2013): Transparenzbericht 2013, s.l., Available at: http://www.pwc.de/de_DE/de/berichte/assets/transparenzbericht_2013.pdf (Last Accessed: February 28th, 2015).

Quick, R./Wiemann, D. (2011): Zum Einfluss der Mandatsdauer des Abschlusspruefers auf die Pruefungsqualitaet, in: Zeitschrift fuer Betriebswirtschaft, Vol. 81, No. 9, pp. 915–943.

Quick, R./Wiemann, D. (2012): Einfluss der Mandatsdauer des Abschlusspruefers auf ergebniszielgroeßenorientierte Bilanzpolitik, in: Zeitschrift fuer Betriebswirtschaft, Vol. 82, No. 10, pp. 1107–1142.

Raghunandan, K./Rama, D. V. (1995): Audit Reports for Companies in Financial Distress: Before and After SAS No. 59, in: Auditing: A Journal of Practice and Theory, Vol. 14, No. 1, pp. 50–63.

Ratzinger-Sakel, N. V. S. (2013): Auditor Fees and Auditor Independence-Evidence from Going-Concern Reporting Decisions in Germany, in: Auditing: A Journal of Practice and Theory, Vol. 32, No. 4, pp. 129–168.

Reichelt, K. J./Wang, D. (2010): National and Office-Specific Measures of Auditor Industry Expertise and Effects on Audit Quality, in: Journal of Accounting Research, Vol. 48, No. 3, pp. 647–686.

Reynolds, J. K./Francis, J. R. (2000): Does Size Matter? The Influence of Large Clients on Office-Level Auditor Reporting Decisions, in: Journal of Accounting and Economics, Vol. 30, No. 3, pp. 375–400.

Richardson, S. A./Teoh, S. H./Wysocki, P. D. (2004): The Walk-Down to Beatable Analyst Forecasts: The Role of Equity Issuance and Insider Trading Incentives, in: Contemporary Accounting Research, Vol. 21, No. 4, pp. 885–924.

Ronen, J./Yaari, V. (2008): Earnings Management: Emerging Insights in Theory, Practice, and Research, New York.

Ross, S. A. (1973): The Economic Theory of Agency: The Principal's Problem, in: American Economic Review, Vol. 63, No. 2, pp. 134–139.

Roychowdhury, S. (2006): Earnings Management Through Real Activities Manipulation, in: Journal of Accounting and Economics, Vol. 42, No. 3, pp. 335–370.

Ruhnke, K./Schmidt, M. (2014): Changing the Institutional Framework of Statutory Audit: Internal Stakeholders' Perceptions of the Associated Benefit and Costs, in: European Accounting Review (forthcoming).

Ruiz-Barbadillo, E./Gómez-Aguilar, N./Carrera, N. (2009): Does Mandatory Audit Firm Rotation Enhance Auditor Independence? Evidence from Spain, in: Auditing: A Journal of Practice and Theory, Vol. 28, No. 1, pp. 113–135.

Salamon, G. L./Smith, E. D. (1979): Corporate Control and Managerial Misrepresentation of Firm Performance, in: The Bell Journal of Economics, Vol. 10, No. 1, pp. 319–328.

Schipper, K. (1989): Commentary on Earnings Management, in: Accounting Horizons, Vol. 3, No. 4, pp. 91–102.

Schmidt, S. (2014): Kommentierung des § 319a, in: Foerschle, G./Grottel, B./Schmidt, S./Schubert, W.J./Winkeljohann/N. (Eds.): Beck'scher Bilanzkommentar - Handels und Steuerbilanzen, 9th Edition, Muenchen, recital 1-45.

Schmidt, S./Heinz, S. (2014): Kommentierung des § 318, in: Foerschle, G./Grottel, B./Schmidt, S./Schubert, W.J./Winkeljohann/N. (Eds.): Beck'scher Bilanzkommentar - Handels und Steuerbilanzen, 9th Edition, Muenchen, recital 1-45.

Schneider, A./Church, B. K./Ramsay, R. J. (2003): Concurring Partner Review: Does Involvement in Audit Planning Affect Objectivity?, in: Research in Accounting Regulation, Vol. 16, pp. 185–195.

Scholz, S. (2008): The Changing Nature and Consequences of Public Company Financial Restatements: 1997-2006, s.l., Available at: http://www.iasplus.com/en/binary/resource/0804restatements1997-2006.pdf (Last Accessed: February 28th, 2015).

Schubert, R. (2006): Analyzing and Managing Risks – On the Importance of Gender Differences in Risk Attitudes, in: Managerial Finance, Vol. 32, No. 9, pp. 706–715.

Shavell, S. (1979): Risk Sharing and Incentives in the Principal and Agent Relationship, in: The Bell Journal of Economics, Vol. 10, No. 1, pp. 55–73.

Shelton, S. W. (1999): The Effect of Experience on the Use of Irrelevant Evidence in Auditor Judgment, in: The Accounting Review, Vol. 74, No. 2, pp. 217–224.

Simon, D. T./Francis, J. R. (1988): The Effects of Auditor Change on Audit Fees: Tests of Price Cutting and Price Recovery, in: The Accounting Review, Vol. 63, No. 2, pp. 255–269.

Skinner, D. J./Sloan, R. G. (2002): Earnings Surprises, Growth Expectations, and Stock Returns or Don't Let an Earnings Torpedo Sink Your Portfolio, in: Review of Accounting Studies, Vol. 7, No. 2-3, pp. 289-312.

Sloan, R. G. (1996): Do Stock Prices Fully Reflect Information in Accruals and Cash Flows about Future Earnings?, in: The Accounting Review, Vol. 71, No. 3, pp. 289–315.

Srindhi, B./Gul, F. A./Tsui, J. S. L. (2011): Female Directors and Earnings Quality, in: Contemporary Accounting Research, Vol. 28, No. 5, pp. 1610–1644.

Stanley, J. D./DeZoort, F. T. (2007): Audit Firm Tenure and Financial Restatements: An Analysis of Industry Specialization and Fee Effects, in: Journal of Accounting and Public Policy, Vol. 26, No. 2, pp. 131–159.

Stein, M. T./Simunic, D. A./O'Keefe, T. B. (1994): Industry Differences in the Production of Audit Services, in: Auditing: A Journal of Practice and Theory, Vol. 13, No. 1, pp. 128–142.

Summers, S. L./Sweeney, J. T. (1998): Fraudulently Misstated Financial Statements and Insider Trading: An Empirical Analysis, in: The Accounting Review, Vol. 73, No. 1, pp. 131–146.

Sunderdiek, B. (2006): Effiziente Regulierung der Wirtschaftspruefung: Eine rechtsoekonomische Analyse unter der besonderen Beruecksichtigung der zivilrechtlichen Haftung des Wirtschaftspruefers und des Peer Review, Hamburg.

Thomas, J./Zhang, X.-J. (2000): Identifying Unexpected Accruals: A Comparison of Current Approaches, in: Journal of Accounting and Public Policy, Vol. 19, No. 4-5, pp. 347–376.

Trompeter, G. M. (1994): The Effect of Partner Compensation Schemes and Generally Accepted Accounting Principles on Audit Partner Judgment, in: Auditing: A Journal of Practice and Theory, Vol. 13, No. 2, pp. 56–68.

Vanstraelen, A. (2000): Impact of Renewable Long-Term Audit Mandates on Audit Quality, in: European Accounting Review, Vol. 9, No. 3, pp. 419–442.

Vanstraelen, A. (2003): Going-Concern Opinions, Auditor Switching, and the Self-Fulfilling Prophecy Effect Examined in the Regulatory Context of Belgium, in: Journal of Accounting, Auditing and Finance, Vol. 18, No. 2, pp. 231–253.

Velte, P. (2012): External Rotation of the Auditor, in: Journal of Management Control, Vol. 23, No. 1, pp. 81–91.

Wagenhofer, A./Ewert, R. (2015): Externe Unternehmensrechnung, 3rd Edition, Berlin.

Warfield, T. D./Wild, J. J./Wild, K. L. (1995): Managerial Ownership, Accounting Choices, and Informativeness of Earnings, in: Journal of Accounting and Economics, Vol. 20, No. 1, pp. 61–91.

Watkins, A. L./Hillison, W./Morecroft, S. E. (2004): Audit Quality: A Synthesis of Theory and Empirical Evidence, in: Journal of Accounting Literature, Vol. 23, pp. 153–193.

Watts, R. L. (2003): Conservatism in Accounting Part II: Evidence and Research Opportunities, in: Accounting Horizons, Vol. 17, No. 4, pp. 287–301.

Wiemann, D. (2011): Pruefungsqualitaet des Abschlusspruefers: Einfluss der Mandatsdauer auf die Bilanzpolitik beim Mandanten, Wiesbaden.

Xie, H. (2001): The Mispricing of Abnormal Accruals, in: The Accounting Review, Vol. 76, No. 3, pp. 357–373.

Zerni, M. (2012): Audit Partner Specialization and Audit Fees: Some Evidence from Sweden, in: Contemporary Accounting Research, Vol. 29, No. 1, pp. 312–340.

Zhang, X. F. (2007): Accruals, Investment, and the Accrual Anomaly, in: The Accounting Review, Vol. 82, No. 5, pp. 1333–1363.

Zmijewski, M. E. (1984): Methodological Issues Related to the Estimation of Financial Distress Prediction Models, in: Journal of Accounting Research, Vol. 22, Supplement, pp. 59–82.

Appendix

Appendix 1: GCO Analysis at Audit Firm Level: *GCO* on *FT*

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT	-0.1219	2.0828		-0.1049	1.4257		0.1490	1.2031	0.2325	1.3941
Audit Firm-Specific Variables										
Big4	-0.1558	0.0574		-0.0747	0.0098		0.8107	2.0744	0.9213	2.0675
IndExp	1.8252	4.9635	**	1.5275	2.9681	*	0.0259	1.3465	0.0849	1.6444
Office	0.0793	0.3132		0.1538	1.3515		0.5757	2.3261	0.2450	2.4520
Client-Specific Variables										
Age	-0.1474	0.5473		-0.0877	0.1240		0.4594	1.1297	0.7247	1.2315
Size	0.5006	7.1262	***	0.3811	3.1843	*	0.0076	2.3701	0.0743	2.2655
OCF	-3.3761	3.1625	*	1.6821	0.2349		0.0753	1.5299	0.6279	1.4507
Lev	-4.4917	9.7609	***	-3.3454	5.6585	**	0.0018	3.9198	0.0174	3.1011
pBank	0.8200	21.7920	***	0.7235	15.7039	***	0.0000	4.5230	0.0001	3.5604
MB	0.0977	0.5524		0.0902	1.0057		0.4574	1.1155	0.3159	1.1775
AC	0.1646	0.0769		0.4145	0.4206		0.7815	1.4710	0.5166	1.5030
Lag	1.5962	11.2594	***	1.3965	4.5229	**	0.0008	1.3939	0.0334	1.5501
Busy	-0.6721	1.3830		-0.6256	0.7417		0.2396	1.0861	0.3891	1.1172
Y2008	1.0162	2.5992		1.0007	2.2625		0.1069	1.9966	0.1325	2.1714
Y2009	-1.0891	2.2517		-0.8138	0.5805		0.1335	2.1239	0.4461	1.9132
Intercept	-12.3548	12.6484	***	-11.4569	6.4309	**	0.0004	-	0.0112	-
Nagelkerke R^2		0.4406			0.3840					
Number of Obs.		277			151					

Appendix 2: GCO Analysis at Audit Firm Level: *GCO* on FT_{Short}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short}	0.6132	1.0969		0.4004	0.5684		0.2950	1.1092	0.4509	1.2224
Audit Firm-Specific Variables										
Big4	-0.1550	0.0550		-0.0462	0.0036		0.8146	2.0757	0.9518	2.0813
IndExp	1.7982	4.9396	**	1.5075	2.9564	*	0.0262	1.3348	0.0855	1.6413
Office	0.0777	0.2914		0.1411	1.1337		0.5893	2.3262	0.2870	2.4511
Client-Specific Variables										
Age	-0.1697	0.7742		-0.1206	0.2340		0.3789	1.1115	0.6286	1.1836
Size	0.4950	6.5849	**	0.3901	3.0793	*	0.0103	2.3438	0.0793	2.2802
OCF	-3.6289	2.8947	*	1.4632	0.1659		0.0889	1.5345	0.6838	1.4634
Lev	-4.2077	7.7474	***	-3.0833	4.7099	**	0.0054	3.8414	0.0300	3.0313
pBank	0.7838	19.5398	***	0.6889	14.0765	***	0.0000	4.4698	0.0002	3.5061
MB	0.0919	0.5409		0.0866	0.8877		0.4620	1.1160	0.3461	1.1803
AC	0.0930	0.0265		0.3452	0.3157		0.8706	1.4614	0.5742	1.4745
Lag	1.6973	10.9069	***	1.4915	4.6951	**	0.0010	1.3811	0.0302	1.5338
Busy	-0.6193	1.1812		-0.6045	0.7026		0.2771	1.0904	0.4019	1.1326
Intercept	-13.6004	11.5501	***	-12.4369	6.8551	***	0.0007	-	0.0088	-
Nagelkerke R^2		0.4372			0.3790					
Number of Obs.		277			151					

Appendix 3: GCO Analysis at Audit Firm Level: *GCO* on FT_{Long}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long}	-2.4607	8.2159	***	-1.6184	3.1498	*	0.0042	1.1782	0.0759	1.1776
Audit Firm-Specific Variables										
Big4	0.0505	0.0058		0.1592	0.0466		0.9392	2.0587	0.8292	2.0413
IndExp	1.7874	5.1735	**	1.5793	3.2142	*	0.0229	1.3377	0.0730	1.6417
Office	0.0535	0.1369		0.1322	0.9989		0.7113	2.3440	0.3176	2.4392
Client-Specific Variables										
Age	-0.2011	0.9640		-0.1152	0.2217		0.3262	1.0924	0.6377	1.2159
Size	0.4824	6.9502	***	0.3726	3.1272	*	0.0084	2.3667	0.0770	2.2514
OCF	-2.9455	2.5747		1.6564	0.2435		0.1086	1.5341	0.6217	1.4506
Lev	-4.0967	8.2787	***	-3.1340	5.4134	**	0.0040	3.7899	0.0200	3.0025
pBank	0.7851	21.2741	***	0.6874	14.8475	***	0.0000	4.4380	0.0001	3.4473
MB	0.0947	0.5986		0.0828	0.8619		0.4391	1.1158	0.3532	1.1729
AC	0.1679	0.0890		0.3275	0.2874		0.7654	1.4929	0.5919	1.4788
Lag	1.6965	11.4548	***	1.5341	4.9125	**	0.0007	1.3783	0.0267	1.5255
Busy	-0.7223	1.4853		-0.5686	0.5945		0.2229	1.0855	0.4407	1.1150
Intercept	-12.7725	12.4717	***	-12.2863	6.8343	***	0.0004	-	0.0089	-
Nagelkerke R^2		0.4445			0.3830					
Number of Obs.		277			151					

Appendix 4: GCO Analysis at Audit Firm Level: *GCO* on FT_{Short} and FT_{Long}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short}	0.4751	0.6621		0.3241	0.3652		0.4158	1.1587	0.5457	1.2544
FT_{Long}	-2.2602	6.8983	***	-1.4776	2.6174		0.0086	1.2308	0.1057	1.2083
Audit Firm-Specific Variables										
Big4	-0.0301	0.0020		0.0564	0.0054		0.9642	2.0931	0.9413	2.1131
IndExp	1.8400	5.2380	**	1.5863	3.2491	*	0.0221	1.3388	0.0715	1.6418
Office	0.0636	0.2009		0.1413	1.1719		0.6540	2.3459	0.2790	2.4538
Client-Specific Variables										
Age	-0.1621	0.6671		-0.0917	0.1302		0.4141	1.1131	0.7182	1.2374
Size	0.5173	6.9408	***	0.3872	3.0999	*	0.0084	2.3823	0.0783	2.2814
OCF	-3.3866	2.4859		1.5230	0.1849		0.1149	1.5430	0.6672	1.4679
Lev	-4.3720	9.0454	***	-3.3121	5.3551	**	0.0026	3.8550	0.0207	3.0484
pBank	0.8125	22.6901	***	0.7115	14.9142	***	0.0000	4.4763	0.0001	3.5106
MB	0.0998	0.5781		0.0851	0.8644		0.4471	1.1162	0.3525	1.1818
AC	0.1525	0.0735		0.3369	0.2954		0.7864	1.4930	0.5868	1.4795
Lag	1.6896	10.8356	***	1.4904	4.7817	**	0.0010	1.3815	0.0288	1.5353
Busy	-0.6809	1.2747		-0.6032	0.6757		0.2589	1.0906	0.4111	1.1422
Intercept	-13.4896	10.9265	***	-12.4059	6.8311	***	0.0009	-	0.0090	-
Nagelkerke R^2		0.4489			0.3860					
Number of Obs.		277			151					

Appendix 5: GCO Analysis at Audit Firm Level: *GCO* on FT_{Short2}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short2}	0.2320	0.1517		0.5386	0.8418		0.6969	1.1081	0.3589	1.2651
Audit Firm-Specific Variables										
Big4	-0.0787	0.0149		-0.0285	0.0015		0.9029	2.0520	0.9695	2.0645
IndExp	1.7630	5.0113	**	1.6092	3.4447	*	0.0252	1.3340	0.0635	1.6498
Office	0.0708	0.2494		0.1545	1.5147		0.6175	2.3269	0.2184	2.4929
Client-Specific Variables										
Age	-0.2013	0.9968		-0.1168	0.2523		0.3181	1.1049	0.6154	1.1706
Size	0.4561	5.8712	**	0.3625	2.8574	*	0.0154	2.3197	0.0910	2.2514
OCF	-3.2431	2.6392		1.5246	0.1870		0.1043	1.5388	0.6654	1.4636
Lev	-3.9433	7.3292	***	-3.0691	5.3626	**	0.0068	3.8289	0.0206	3.0107
pBank	0.7544	18.3304	***	0.6821	14.6000	***	0.0000	4.4543	0.0001	3.4521
MB	0.0837	0.5027		0.0928	0.9534		0.4783	1.1186	0.3289	1.1752
AC	0.1035	0.0333		0.4045	0.4261		0.8553	1.4633	0.5139	1.4844
Lag	1.6974	12.0401	***	1.5350	5.1005	**	0.0005	1.3802	0.0239	1.5226
Busy	-0.6482	1.3590		-0.5842	0.6748		0.2437	1.0891	0.4114	1.1151
Intercept	-12.8990	12.2211	***	-12.6270	7.2165	***	0.0005	-	0.0072	-
Nagelkerke R^2		0.4306			0.3813					
Number of Obs.		277			151					

Appendix 6: GCO Analysis at Audit Firm Level: *GCO* on FT_{Long7}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long7}	-0.3096	0.2736		-0.0137	0.0005		0.6009	1.1710	0.9829	1.2828
Audit Firm-Specific Variables										
Big4	-0.1000	0.0237		0.0738	0.0097		0.8777	2.0809	0.9215	2.0460
IndExp	1.7504	4.6534	**	1.4878	2.8083	*	0.0310	1.3619	0.0938	1.6463
Office	0.0729	0.2486		0.1292	0.8647		0.6181	2.3262	0.3524	2.4498
Client-Specific Variables										
Age	-0.1985	0.9327		-0.1522	0.3507		0.3342	1.1284	0.5537	1.1852
Size	0.4627	6.9022	***	0.3721	3.0403	*	0.0086	2.3563	0.0812	2.2557
OCF	-3.1357	2.8333	*	1.6412	0.2258		0.0923	1.5331	0.6347	1.4627
Lev	-4.0943	7.6748	***	-2.8563	4.2899	**	0.0056	3.8882	0.0383	3.0698
pBank	0.7751	19.6752	***	0.6593	12.6244	***	0.0000	4.5245	0.0004	3.5289
MB	0.0891	0.5685		0.0836	0.8795		0.4508	1.1156	0.3484	1.1728
AC	0.1237	0.0440		0.3377	0.2947		0.8338	1.4648	0.5872	1.5125
Lag	1.6616	11.3616	***	1.5477	4.5443	**	0.0007	1.4020	0.0330	1.5479
Busy	-0.6587	1.3888		-0.5630	0.5891		0.2386	1.0855	0.4428	1.1119
Intercept	-12.6184	13.2080	***	-12.2764	6.5346	**	0.0003	-	0.0106	-
Nagelkerke R^2	0.4313			0.3744						
Number of Obs.	277			151						

Appendix 7: GCO Analysis at Audit Firm Level: *GCO* on FT_{Long8}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long8}	-1.1752	2.4021		-0.9583	1.5454		0.1212	1.1999	0.2138	1.3180
Audit Firm-Specific Variables										
Big4	-0.1480	0.0483		0.0136	0.0003		0.8260	2.0733	0.9856	2.0297
IndExp	1.8383	4.4919	**	1.5661	2.8846	*	0.0341	1.3499	0.0894	1.6460
Office	0.0824	0.3262		0.1549	1.2650		0.5679	2.3270	0.2607	2.4413
Client-Specific Variables										
Age	-0.1409	0.4874		-0.0695	0.0752		0.4851	1.1326	0.7839	1.2382
Size	0.4627	6.8035	***	0.3507	2.8258	*	0.0091	2.3301	0.0928	2.2520
OCF	-2.9306	2.7804	*	1.8214	0.3175		0.0954	1.5497	0.5731	1.4726
Lev	-4.8676	10.7848	***	-3.5360	6.2544	**	0.0010	3.9493	0.0124	3.1439
pBank	0.8803	22.0580	***	0.7497	15.7969	***	0.0000	4.5776	0.0001	3.5863
MB	0.0988	0.6167		0.0856	0.9581		0.4323	1.1158	0.3277	1.1732
AC	0.3109	0.2214		0.5167	0.5625		0.6379	1.4684	0.4532	1.5290
Lag	1.5245	10.1978	***	1.3423	4.0221	**	0.0014	1.4077	0.0449	1.5436
Busy	-0.7424	1.5968		-0.6728	0.8850		0.2064	1.0857	0.3468	1.1104
Intercept	-11.8456	11.5201	***	-11.2626	6.2373	**	0.0007	-	0.0125	-
Nagelkerke R^2		0.4453			0.3891					
Number of Obs.		277			151					

Appendix 8: GCO Analysis at Audit Firm Level: *GCO* on FT_{Long9}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long9}	-1.2105	2.0823		-1.4631	3.5058	*	0.1490	1.1842	0.0612	1.3955
Audit Firm-Specific Variables										
Big4	-0.1194	0.0331		-0.0835	0.0115		0.8555	2.0624	0.9147	2.0450
IndExp	1.7418	4.4686	**	1.5590	2.9524	*	0.0345	1.3429	0.0858	1.6464
Office	0.0676	0.2145		0.1533	1.2754		0.6433	2.3265	0.2588	2.4421
Client-Specific Variables										
Age	-0.1709	0.7045		-0.0543	0.0445		0.4013	1.1134	0.8328	1.2376
Size	0.4868	7.0650	***	0.4133	3.5343	*	0.0079	2.3313	0.0601	2.2762
OCF	-2.8866	2.4633		1.8701	0.3050		0.1165	1.5486	0.5808	1.4636
Lev	-4.3857	8.5732	***	-3.5410	6.6885	***	0.0034	3.8587	0.0097	3.0567
pBank	0.8199	19.2844	***	0.7611	15.1229	***	0.0000	4.5024	0.0001	3.5163
MB	0.0934	0.5920		0.0915	1.0090		0.4417	1.1163	0.3152	1.1723
AC	0.1983	0.1071		0.4630	0.4794		0.7435	1.4688	0.4887	1.5260
Lag	1.6009	10.4727	***	1.3510	3.9754	**	0.0012	1.4042	0.0462	1.5405
Busy	-0.7439	1.5975		-0.6703	0.8204		0.2063	1.0857	0.3651	1.1127
Intercept	-12.4461	12.6694	***	-12.0057	6.8279	***	0.0004	-	0.0090	-
Nagelkerke R^2		0.4410			0.3970					
Number of Obs.		277			151					

Appendix 9: GCO Analysis at Audit Firm Level: *GCO* on FT_{Long10}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long10}	-2.1713	6.0444	**	-2.1648	6.7446	***	0.0140	1.1986	0.0094	1.3917
Audit Firm-Specific Variables										
Big4	-0.1530	0.0568		-0.1323	0.0320		0.8117	2.0593	0.8581	2.0459
IndExp	1.6894	4.5189	**	1.3518	2.5178		0.0335	1.3440	0.1126	1.6765
Office	0.0512	0.1252		0.1213	0.8347		0.7235	2.3302	0.3609	2.4497
Client-Specific Variables										
Age	-0.1517	0.5677		-0.0306	0.0154		0.4512	1.0943	0.9012	1.2640
Size	0.5364	7.7485	***	0.4694	4.0894	**	0.0054	2.3944	0.0432	2.3233
OCF	-2.7231	1.9788		1.8633	0.2971		0.1595	1.5499	0.5857	1.4576
Lev	-4.8016	9.4623	***	-3.9360	7.4146	***	0.0021	3.9131	0.0065	3.0849
pBank	0.8800	18.6964	***	0.8137	15.0977	***	0.0000	4.5569	0.0001	3.5628
MB	0.0942	0.5882		0.0838	0.8471		0.4431	1.1168	0.3574	1.1723
AC	0.2306	0.1627		0.4964	0.6065		0.6867	1.4882	0.4361	1.5250
Lag	1.6324	11.2568	***	1.4439	4.7745	**	0.0008	1.3785	0.0289	1.5273
Busy	-0.7670	1.5541		-0.7218	0.9118		0.2125	1.0856	0.3396	1.1114
Intercept	-12.7027	12.9153	***	-12.3731	7.2346	***	0.0003	-	0.0072	-
Nagelkerke R^2		0.4528			0.4028					
Number of Obs.		277			151					

Appendix 10: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on *FT* (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT	-0.1542	2.4334		-0.0943	0.7742		0.1188	1.2429	0.3789	1.4433
Audit Firm-Specific Variables										
Big4	-0.3372	0.1797		-0.3322	0.1716		0.6716	2.1616	0.6787	2.1447
IndExp	2.5411	8.0539	***	2.1300	5.5905	**	0.0045	1.3774	0.0181	1.6290
Office	0.1373	0.6227		0.2163	2.3542		0.4300	2.3898	0.1249	2.6255
Client-Specific Variables										
Age	-0.1220	0.3379		0.0550	0.0324		0.5611	1.1534	0.8571	1.3400
Size	0.4696	6.1560	**	0.3180	2.3789		0.0131	2.3343	0.1230	2.3507
OCF	-2.6602	1.7042		2.4982	0.4363		0.1917	1.5952	0.5089	1.5546
Lev	-4.3172	8.4952	***	-3.2537	4.1501	**	0.0036	3.7012	0.0416	2.8905
pBank	0.8755	23.6222	***	0.7779	12.2058	***	0.0000	4.4172	0.0005	3.5137
MB	0.2339	3.7804	*	0.0902	0.8222		0.0519	1.1382	0.3645	1.1802
AC	0.4633	0.5045		0.4418	0.4084		0.4775	1.4883	0.5228	1.5164
Lag	1.4180	8.5087	***	0.8888	1.6830		0.0035	1.3707	0.1945	1.6387
Busy	-0.5392	0.6162		-0.6135	0.6990		0.4325	1.1118	0.4031	1.1487
Intercept	-12.4977	11.9051	***	-9.5870	4.0224	**	0.0006	-	0.0449	-
Nagelkerke R^2		0.4512			0.3554					
Number of Obs.		233			130					

Appendix 11: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Short} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short}	0.6092	0.8248		0.2720	0.2123		0.3638	1.1253	0.6450	1.2022
Audit Firm-Specific Variables										
Big4	-0.3163	0.1561		-0.3053	0.1439		0.6928	2.1569	0.7044	2.1487
IndExp	2.4450	7.7086	***	2.1042	5.6232	**	0.0055	1.3532	0.0177	1.6209
Office	0.1301	0.5373		0.2057	2.0684		0.4635	2.3897	0.1504	2.6226
Client-Specific Variables										
Age	-0.1617	0.6114		0.0028	0.0001		0.4343	1.1320	0.9922	1.2376
Size	0.4427	5.2867	**	0.3198	2.2181		0.0215	2.2991	0.1364	2.3727
OCF	-2.9051	1.6849		2.2594	0.3549		0.1943	1.5951	0.5513	1.5502
Lev	-3.7584	5.9582	**	-2.9321	3.6110	*	0.0146	3.6094	0.0574	2.8183
pBank	0.8007	19.1638	***	0.7321	12.4169	***	0.0000	4.3555	0.0004	3.4422
MB	0.2207	3.1566	*	0.0892	0.7787		0.0756	1.1396	0.3775	1.1838
AC	0.3473	0.3101		0.3679	0.3055		0.5776	1.4770	0.5804	1.4880
Lag	1.5116	8.1924	***	0.9623	1.8223		0.0042	1.3520	0.1770	1.6062
Busy	-0.4961	0.5348		-0.6033	0.6440		0.4646	1.1214	0.4223	1.1643
Intercept	-13.5571	11.3430	***	-10.3131	4.4217	**	0.0008	-	0.0355	-
Nagelkerke R^2		0.4429			0.3499					
Number of Obs.		233			130					

Appendix 12: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long}	-2.5572	7.1420	***	-1.4250	2.1832		0.0075	1.2016	0.1395	1.1850
Audit Firm-Specific Variables										
Big4	-0.0798	0.0100		-0.1448	0.0327		0.9202	2.1293	0.8565	2.1292
IndExp	2.5307	8.3561	***	2.1822	6.1496	**	0.0038	1.3519	0.0131	1.6182
Office	0.1052	0.3553		0.2020	2.0043		0.5511	2.4078	0.1569	2.6228
Client-Specific Variables										
Age	-0.1972	0.8548		0.0131	0.0024		0.3552	1.1037	0.9607	1.2320
Size	0.4565	6.0710	**	0.3132	2.2333		0.0137	2.3135	0.1351	2.3383
OCF	-2.2062	1.2512		2.3222	0.4151		0.2633	1.5983	0.5194	1.5456
Lev	-3.9073	6.5808	**	-3.1092	4.1273	**	0.0103	3.5887	0.0422	2.8096
pBank	0.8408	19.8650	***	0.7428	13.6523	***	0.0000	4.3368	0.0002	3.3866
MB	0.2304	3.3775	*	0.0883	0.7915		0.0661	1.1392	0.3737	1.1764
AC	0.4436	0.5625		0.3571	0.2905		0.4533	1.5178	0.5899	1.4909
Lag	1.5133	9.4243	***	1.0021	2.0574		0.0021	1.3506	0.1515	1.5883
Busy	-0.5882	0.6694		-0.5658	0.5438		0.4133	1.1090	0.4609	1.1553
Intercept	-13.0481	12.2289	***	-10.3652	4.4726	**	0.0005	-	0.0344	-
Nagelkerke R^2		0.4572			0.3573					
Number of Obs.		233			130					

Appendix 13: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Short2} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short2}	0.0573	0.0057		0.2512	0.1053		0.9398	1.1068	0.7455	1.2665
Audit Firm-Specific Variables										
Big4	-0.2605	0.1114		-0.2607	0.1068		0.7385	2.1223	0.7439	2.1247
IndExp	2.3884	8.0595	***	2.1376	5.8027	**	0.0045	1.3468	0.0160	1.6212
Office	0.1248	0.5190		0.2075	2.2263		0.4713	2.3901	0.1357	2.6372
Client-Specific Variables										
Age	-0.2112	0.8536		-0.0002	0.0000		0.3555	1.1233	0.9995	1.2539
Size	0.3965	4.6559	**	0.3056	2.0906		0.0309	2.2671	0.1482	2.3382
OCF	-2.4959	1.5056		2.3086	0.3821		0.2198	1.6014	0.5365	1.5531
Lev	-3.4703	5.6533	**	-2.8743	4.0060	**	0.0174	3.5936	0.0453	2.8079
pBank	0.7638	18.3439	***	0.7212	12.5754	***	0.0000	4.3385	0.0004	3.3914
MB	0.2065	2.8372	*	0.0910	0.7934		0.0921	1.1410	0.3731	1.1777
AC	0.3258	0.2806		0.3964	0.3546		0.5963	1.4781	0.5515	1.4980
Lag	1.4803	8.8805	***	1.0110	2.0495		0.0029	1.3507	0.1523	1.5858
Busy	-0.5533	0.7413		-0.5767	0.5917		0.3892	1.1212	0.4418	1.1474
Intercept	-12.5527	11.7514	***	-10.4655	4.6480	**	0.0006	-	0.0311	-
Nagelkerke R^2		0.4359			0.3489					
Number of Obs.		233			130					

Appendix 14: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long7} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long7}	-0.3735	0.3273		-0.0445	0.0042		0.5673	1.1868	0.9485	1.2943
Audit Firm-Specific Variables										
Big4	-0.3030	0.1460		-0.2604	0.1041		0.7024	2.1648	0.7470	2.1376
IndExp	2.4340	7.3951	***	2.0949	5.5216	**	0.0065	1.3912	0.0188	1.6247
Office	0.1351	0.5807		0.2045	1.8506		0.4460	2.3898	0.1737	2.6387
Client-Specific Variables										
Age	-0.1932	0.8167		-0.0267	0.0086		0.3661	1.1447	0.9261	1.2099
Size	0.4171	5.8464	**	0.3064	2.1374		0.0156	2.3048	0.1437	2.3389
OCF	-2.5234	1.6277		2.3117	0.3836		0.2020	1.5975	0.5357	1.5679
Lev	-3.8188	5.8414	**	-2.8029	3.1471	*	0.0157	3.6701	0.0761	2.8637
pBank	0.8060	19.5874	***	0.7114	10.9181	***	0.0000	4.4150	0.0010	3.4648
MB	0.2140	3.2993	*	0.0892	0.8018		0.0693	1.1382	0.3706	1.1758
AC	0.3697	0.3297		0.3721	0.2867		0.5658	1.4800	0.5923	1.5251
Lag	1.4439	8.8137	***	0.9816	1.8954		0.0030	1.3810	0.1686	1.6273
Busy	-0.5536	0.7314		-0.5655	0.5515		0.3924	1.1090	0.4577	1.1476
Intercept	-12.5710	12.1336	***	-10.1831	4.2315	**	0.0005	-	0.0397	-
Nagelkerke R^2	0.4385			0.3478						
Number of Obs.	233			130						

Appendix 15: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long8} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long8}	-1.4385	2.7560	*	-1.0607	1.7433		0.0969	1.2218	0.1867	1.3519
Audit Firm-Specific Variables										
Big4	-0.3593	0.1954		-0.2923	0.1283		0.6585	2.1608	0.7202	2.1187
IndExp	2.6578	7.8920	***	2.2352	5.6830	**	0.0050	1.3741	0.0171	1.6223
Office	0.1547	0.8337		0.2314	2.4833		0.3612	2.3924	0.1151	2.6285
Client-Specific Variables										
Age	-0.1217	0.3414		0.0728	0.0651		0.5590	1.1485	0.7986	1.2771
Size	0.4297	6.3194	**	0.2829	1.9925		0.0119	2.2742	0.1581	2.3381
OCF	-2.1670	1.3521		2.5829	0.6007		0.2449	1.6224	0.4383	1.5836
Lev	-4.9592	9.3912	***	-3.6384	4.7306	**	0.0022	3.7452	0.0296	2.9385
pBank	0.9711	22.9913	***	0.8290	13.5620	***	0.0000	4.4797	0.0002	3.5373
MB	0.2353	4.7437	**	0.0905	0.8789		0.0294	1.1395	0.3485	1.1778
AC	0.6354	0.7229		0.5955	0.6118		0.3952	1.4842	0.4341	1.5439
Lag	1.3393	8.0189	***	0.7891	1.3748		0.0046	1.3896	0.2410	1.6171
Busy	-0.6603	0.8873		-0.6743	0.8876		0.3462	1.1088	0.3461	1.1472
Intercept	-12.1439	11.1670	***	-9.2210	3.8871	**	0.0008	-	0.0487	-
Nagelkerke R^2		0.4606			0.3684					
Number of Obs.		233			130					

Appendix 16: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long9} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long9}	-1.3944	2.5069		-1.5466	3.9807	**	0.1133	1.2138	0.0460	1.4358
Audit Firm-Specific Variables										
Big4	-0.3218	0.1758		-0.3673	0.2061		0.6750	2.1434	0.6499	2.1399
IndExp	2.4725	7.3450	***	2.1807	5.7122	**	0.0067	1.3621	0.0168	1.6232
Office	0.1290	0.5495		0.2211	2.5725		0.4585	2.3916	0.1087	2.6320
Client-Specific Variables										
Age	-0.1571	0.5583		0.0925	0.1028		0.4549	1.1259	0.7486	1.2702
Size	0.4483	6.1072	**	0.3597	2.7945	*	0.0135	2.2752	0.0946	2.3552
OCF	-2.1192	1.1776		2.7169	0.5839		0.2778	1.6168	0.4448	1.5690
Lev	-4.2045	7.1595	***	-3.6095	5.5081	**	0.0075	3.6532	0.0189	2.8518
pBank	0.8734	18.0155	***	0.8371	14.3830	***	0.0000	4.3968	0.0001	3.4565
MB	0.2264	3.3658	*	0.0969	0.9140		0.0666	1.1409	0.3390	1.1756
AC	0.4785	0.5292		0.5094	0.4953		0.4669	1.4844	0.4816	1.5385
Lag	1.3772	7.8393	***	0.8138	1.4724		0.0051	1.3884	0.2250	1.6168
Busy	-0.6497	0.8636		-0.6729	0.7970		0.3527	1.1088	0.3720	1.1485
Intercept	-12.4566	11.8837	***	-10.1077	4.6788	**	0.0006	-	0.0305	-
Nagelkerke R^2	0.4532			0.3782						
Number of Obs.	233			130						

Appendix 17: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long10} (*Less FT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long10}	-2.3390	6.7615	***	-2.2445	6.9852	***	0.0093	1.2262	0.0082	1.4230
Audit Firm-Specific Variables										
Big4	-0.3586	0.2298		-0.4262	0.3056		0.6316	2.1377	0.5804	2.1404
IndExp	2.4309	7.6375	***	1.9581	5.1223	**	0.0057	1.3609	0.0236	1.6552
Office	0.1130	0.4219		0.1843	1.7194		0.5160	2.3921	0.1898	2.6294
Client-Specific Variables										
Age	-0.1408	0.4846		0.1234	0.1908		0.4863	1.1062	0.6623	1.2952
Size	0.5014	7.0089	***	0.4172	3.3097	*	0.0081	2.3389	0.0689	2.4004
OCF	-1.8760	0.8224		2.7370	0.5696		0.3645	1.6234	0.4504	1.5594
Lev	-4.7083	8.1235	***	-4.0159	6.2216	**	0.0044	3.7203	0.0126	2.8726
pBank	0.9428	17.6804	***	0.8928	14.1834	***	0.0000	4.4676	0.0002	3.4966
MB	0.2256	3.1986	*	0.0883	0.7765		0.0737	1.1402	0.3782	1.1756
AC	0.5274	0.7438		0.5298	0.5874		0.3884	1.5125	0.4434	1.5331
Lag	1.4433	9.4901	***	0.9155	1.9902		0.0021	1.3517	0.1583	1.5968
Busy	-0.6434	0.7717		-0.7147	0.8603		0.3797	1.1091	0.3536	1.1478
Intercept	-12.8909	12.7719	***	-10.4586	5.1212	**	0.0004	-	0.0236	-
Nagelkerke R^2	0.4669			0.3843						
Number of Obs.	233			130						

Appendix 18: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on *FT* (*Less Freq*$_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT	-0.1072	1.4152		-0.0923	1.0301		0.2342	1.2450	0.3101	1.3715
Audit Firm-Specific Variables										
Big4	-0.3082	0.1738		-0.4744	0.3095		0.6767	2.1570	0.5780	2.0795
IndExp	2.1332	5.6866	**	2.4461	5.4634	**	0.0171	1.3809	0.0194	1.6526
Office	0.1585	0.8494		0.3029	4.1984	**	0.3567	2.3836	0.0405	2.4326
Client-Specific Variables										
Age	-0.2204	1.0321		-0.0586	0.0522		0.3097	1.1131	0.8193	1.1695
Size	0.3941	4.1410	**	0.1976	0.7993		0.0419	2.3829	0.3713	2.4112
OCF	-3.7784	3.4654	*	3.9141	0.6644		0.0627	1.4052	0.4150	1.3930
Lev	-4.0756	7.3738	***	-3.0794	3.7471	*	0.0066	4.0660	0.0529	2.9588
pBank	0.7744	18.4961	***	0.7673	11.9423	***	0.0000	4.5195	0.0005	3.3724
MB	0.0645	0.2260		0.0529	0.3527		0.6345	1.1272	0.5526	1.1721
AC	0.4308	0.4350		1.0594	1.5893		0.5095	1.5859	0.2074	1.6412
Lag	1.6219	12.1178	***	1.2411	3.0069	*	0.0005	1.3564	0.0829	1.5269
Busy	-0.7962	1.9716		-0.8725	1.2831		0.1603	1.0826	0.2573	1.1216
Intercept	-12.4563	11.7880	***	-11.0255	4.5895	**	0.0006	-	0.0322	-
Nagelkerke R^2		0.4269			0.4176					
Number of Obs.		237			129					

Appendix 19: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Short} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short}	0.5942	0.8755		0.3578	0.3827		0.3494	1.1348	0.5361	1.1915
Audit Firm-Specific Variables										
Big4	-0.3344	0.2007		-0.4546	0.2750		0.6542	2.1639	0.6000	2.1005
IndExp	2.1288	5.6827	**	2.4313	5.3744	**	0.0171	1.3637	0.0204	1.6520
Office	0.1615	0.8517		0.2939	4.0180	**	0.3561	2.3842	0.0450	2.4335
Client-Specific Variables										
Age	-0.2407	1.2789		-0.0863	0.1174		0.2581	1.0979	0.7319	1.1325
Size	0.3907	3.7642	*	0.2077	0.8220		0.0524	2.3500	0.3646	2.4145
OCF	-4.0690	3.1576	*	3.7440	0.5702		0.0756	1.4161	0.4502	1.3967
Lev	-3.7601	5.7619	**	-2.7689	3.3223	*	0.0164	3.9527	0.0683	2.8616
pBank	0.7351	15.6811	***	0.7309	11.6919	***	0.0001	4.4465	0.0006	3.3062
MB	0.0612	0.2159		0.0512	0.3105		0.6422	1.1282	0.5774	1.1771
AC	0.3789	0.3545		0.9761	1.4814		0.5516	1.5761	0.2236	1.5957
Lag	1.7256	11.3870	***	1.3072	3.0335	*	0.0007	1.3420	0.0816	1.5164
Busy	-0.7505	1.7287		-0.8697	1.2485		0.1886	1.0906	0.2638	1.1457
Intercept	-13.7531	10.9432	***	-11.8774	4.8324	**	0.0009	-	0.0279	-
Nagelkerke R^2	0.4251			0.4133						
Number of Obs.	237			129						

Appendix 20: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long}	-2.1424	6.5391	**	-1.0885	1.5242		0.0106	1.2018	0.2170	1.1885
Audit Firm-Specific Variables										
Big4	-0.0903	0.0146		-0.2370	0.0821		0.9040	2.1282	0.7744	2.0637
IndExp	2.1817	6.5234	**	2.5229	6.1999	**	0.0106	1.3572	0.0128	1.6483
Office	0.1348	0.6242		0.2781	3.4920	*	0.4295	2.4011	0.0617	2.4206
Client-Specific Variables										
Age	-0.2371	1.1361		-0.0630	0.0608		0.2865	1.0977	0.8052	1.1846
Size	0.3903	4.4422	**	0.2085	0.8603		0.0351	2.3656	0.3536	2.4140
OCF	-3.2724	2.8746	*	3.7694	0.6485		0.0900	1.4111	0.4207	1.3925
Lev	-3.8693	6.4669	**	-2.8444	3.6955	*	0.0110	3.8752	0.0546	2.8618
pBank	0.7709	18.1715	***	0.7384	12.2413	***	0.0000	4.4195	0.0005	3.2990
MB	0.0610	0.2147		0.0476	0.2735		0.6431	1.1275	0.6010	1.1723
AC	0.4369	0.4993		0.9586	1.4961		0.4798	1.6103	0.2213	1.6015
Lag	1.6937	11.8749	***	1.3549	3.2746	*	0.0006	1.3413	0.0704	1.5045
Busy	-0.8306	2.0005		-0.7885	1.0354		0.1572	1.0807	0.3089	1.1192
Intercept	-12.9654	11.0265	***	-11.9905	4.9478	**	0.0009	-	0.0261	-
Nagelkerke R^2	0.4338			0.4158						
Number of Obs.	237			129						

Appendix 21: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Short2} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Short2}	0.1399	0.0417		0.4888	0.4734		0.8383	1.1137	0.4914	1.2403
Audit Firm-Specific Variables										
Big4	-0.2494	0.1170		-0.4462	0.2832		0.7324	2.1267	0.5946	2.1104
IndExp	2.1417	6.0513	**	2.5135	6.0089	**	0.0139	1.3522	0.0142	1.6456
Office	0.1572	0.8284		0.3100	4.9159	**	0.3627	2.3857	0.0266	2.4943
Client-Specific Variables										
Age	-0.2580	1.3632		-0.0886	0.1376		0.2430	1.0933	0.7107	1.1288
Size	0.3490	3.3471	*	0.1804	0.6412		0.0673	2.3174	0.4233	2.4146
OCF	-3.5320	2.7666	*	3.7549	0.5847		0.0962	1.4235	0.4445	1.4136
Lev	-3.5125	5.3269	**	-2.7792	3.8114	*	0.0210	3.9134	0.0509	2.8458
pBank	0.7158	14.7519	***	0.7246	11.9065	***	0.0001	4.4265	0.0006	3.2876
MB	0.0501	0.1592		0.0556	0.3279		0.6899	1.1283	0.5669	1.1760
AC	0.3932	0.3879		1.0356	1.6612		0.5334	1.5762	0.1974	1.6119
Lag	1.7122	12.2530	***	1.3692	3.4787	*	0.0005	1.3416	0.0622	1.5021
Busy	-0.7682	1.9016		-0.8446	1.2198		0.1679	1.0878	0.2694	1.1184
Intercept	-13.0723	11.3091	***	-12.1586	5.2401	**	0.0008	-	0.0221	-
Nagelkerke R^2	0.4182			0.4143						
Number of Obs.	237			129						

Appendix 22: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long7} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long7}	-0.2420	0.1460		-0.0397	0.0038		0.7024	1.1890	0.9508	1.2943
Audit Firm-Specific Variables										
Big4	-0.2604	0.1234		-0.3431	0.1688		0.7254	2.1571	0.6812	2.0569
IndExp	2.1407	5.7858	**	2.4783	5.7489	**	0.0162	1.3944	0.0165	1.6495
Office	0.1579	0.8056		0.2855	3.4314	*	0.3694	2.3843	0.0640	2.4332
Client-Specific Variables										
Age	-0.2535	1.3120		-0.0956	0.1322		0.2520	1.1199	0.7162	1.1410
Size	0.3578	3.9942	**	0.1998	0.7808		0.0457	2.3570	0.3769	2.4133
OCF	-3.4995	3.1276	*	3.8156	0.6351		0.0770	1.4070	0.4255	1.4063
Lev	-3.6974	5.5259	**	-2.5855	2.7409	*	0.0187	4.0128	0.0978	2.9507
pBank	0.7389	16.2349	***	0.7136	10.0959	***	0.0001	4.5268	0.0015	3.3729
MB	0.0547	0.1902		0.0480	0.2793		0.6627	1.1272	0.5972	1.1718
AC	0.4095	0.3936		0.9800	1.4013		0.5304	1.5794	0.2365	1.6503
Lag	1.6750	12.0795	***	1.3398	3.3348	*	0.0005	1.3666	0.0678	1.5282
Busy	-0.7751	1.9222		-0.8009	1.0785		0.1656	1.0811	0.2990	1.1163
Intercept	-12.8337	11.9569	***	-11.9002	4.9183	**	0.0005	-	0.0266	-
Nagelkerke R^2	0.4190			0.4100						
Number of Obs.	237			129						

Appendix 23: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long8} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long8}	-1.1950	2.3149		-1.0519	1.6554		0.1281	1.2297	0.1982	1.3375
Audit Firm-Specific Variables										
Big4	-0.3196	0.1679		-0.4208	0.2294		0.6820	2.1532	0.6320	2.0430
IndExp	2.2084	5.3031	**	2.5848	5.8273	**	0.0213	1.3744	0.0158	1.6479
Office	0.1666	0.9558		0.3117	3.8804	**	0.3282	2.3846	0.0489	2.4235
Client-Specific Variables										
Age	-0.2018	0.8703		-0.0233	0.0076		0.3509	1.1249	0.9306	1.1853
Size	0.3596	4.0310	**	0.1615	0.5517		0.0447	2.3236	0.4576	2.4162
OCF	-3.2874	3.2778	*	3.8444	0.7857		0.0702	1.4243	0.3754	1.4150
Lev	-4.6956	9.2911	***	-3.4773	4.1443	**	0.0023	4.0941	0.0418	3.0325
pBank	0.8694	20.3292	***	0.8240	11.8409	***	0.0000	4.5918	0.0006	3.4354
MB	0.0669	0.2659		0.0511	0.3310		0.6061	1.1283	0.5651	1.1770
AC	0.6080	0.6505		1.2568	1.6415		0.4199	1.5861	0.2001	1.6718
Lag	1.5211	11.1204	***	1.1428	2.5478		0.0009	1.3744	0.1104	1.5235
Busy	-0.8865	2.2232		-0.9358	1.5369		0.1360	1.0807	0.2151	1.1146
Intercept	-11.7950	10.2777	***	-10.6364	4.4929	**	0.0013	-	0.0340	-
Nagelkerke R^2	0.4361			0.4288						
Number of Obs.	237			129						

Appendix 24: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long9} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long9}	-1.0973	1.9451		-1.5131	4.0335	**	0.1631	1.2126	0.0446	1.4051
Audit Firm-Specific Variables										
Big4	-0.2938	0.1584		-0.5250	0.3560		0.6907	2.1407	0.5507	2.0600
IndExp	2.1092	5.3918	**	2.5334	5.8637	**	0.0202	1.3659	0.0155	1.6482
Office	0.1513	0.7729		0.3093	4.4340	**	0.3793	2.3842	0.0352	2.4263
Client-Specific Variables										
Age	-0.2227	1.0633		0.0081	0.0009		0.3025	1.1094	0.9764	1.1944
Size	0.3843	4.3816	**	0.2343	1.0411		0.0363	2.3250	0.3076	2.4166
OCF	-3.2105	2.8828	*	4.2106	0.8551		0.0895	1.4252	0.3551	1.4107
Lev	-4.0636	6.7551	***	-3.4469	4.5721	**	0.0093	3.9678	0.0325	2.9186
pBank	0.7919	16.5977	***	0.8380	11.8676	***	0.0000	4.4967	0.0006	3.3614
MB	0.0585	0.2072		0.0564	0.3743		0.6490	1.1293	0.5407	1.1733
AC	0.4761	0.4983		1.1510	1.6594		0.4803	1.5859	0.1977	1.6611
Lag	1.6008	11.1014	***	1.1563	2.5117		0.0009	1.3697	0.1130	1.5213
Busy	-0.8626	2.1759		-0.9088	1.3145		0.1402	1.0808	0.2516	1.1173
Intercept	-12.5384	11.1070	***	-11.5540	4.8590	**	0.0009	-	0.0275	-
Nagelkerke R^2	0.4292			0.4388						
Number of Obs.	237			129						

Appendix 25: GCO Sensitivity Analysis at Audit Firm Level: *GCO* on FT_{Long10} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
FT_{Long10}	-1.9617	5.7706	**	-1.9697	6.4597	**	0.0163	1.2314	0.0110	1.3986
Audit Firm-Specific Variables										
Big4	-0.3279	0.2119		-0.5408	0.4557		0.6453	2.1382	0.4996	2.0632
IndExp	2.0368	5.5040	**	2.2216	4.9304	**	0.0190	1.3685	0.0264	1.6785
Office	0.1311	0.5964		0.2627	3.2257	*	0.4399	2.3882	0.0725	2.4310
Client-Specific Variables										
Age	-0.2033	0.9098		0.0111	0.0019		0.3402	1.0951	0.9655	1.2261
Size	0.4351	5.0273	**	0.2920	1.4523		0.0250	2.3900	0.2282	2.4622
OCF	-3.0311	2.3341		4.1571	0.7893		0.1266	1.4268	0.3743	1.3994
Lev	-4.5102	7.4417	***	-3.7247	5.1480	**	0.0064	4.0355	0.0233	2.9507
pBank	0.8562	16.1629	***	0.8706	12.8236	***	0.0001	4.5640	0.0003	3.4240
MB	0.0593	0.2123		0.0464	0.2552		0.6450	1.1302	0.6135	1.1723
AC	0.5006	0.6222		1.1351	1.9272		0.4302	1.6073	0.1651	1.6528
Lag	1.6247	11.9851	***	1.2664	3.3175	*	0.0005	1.3417	0.0685	1.5061
Busy	-0.8867	2.1170		-0.9591	1.4566		0.1457	1.0807	0.2275	1.1164
Intercept	-12.6776	11.2059	***	-11.7597	5.2287	**	0.0008	-	0.0222	-
Nagelkerke R^2	0.4407			0.4377						
Number of Obs.	237			129						

Appendix 26: GCO Analysis at Audit Partner Level: *GCO* on *EPT* and *RPT*

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT	0.1467	0.8516		0.0597	0.0850		0.3561	1.3423	0.7706	1.7931
RPT	-0.2055	1.4546		-0.1644	0.7273		0.2278	1.3237	0.3938	1.6189
Audit Partner-Specific Variables										
EP_{Exp}	-0.0824	3.3738	*	0.0682	1.0559		0.0662	1.2640	0.3042	1.3390
RP_{Exp}	-0.0449	1.7117		-0.0351	0.6576		0.1908	1.1534	0.4174	1.1023
$EP_{Ability}$	1.3122	3.3691	*	0.3869	0.2140		0.0664	1.1096	0.6437	1.2684
$RP_{Ability}$	1.4186	4.6870	**	0.5564	0.6322		0.0304	1.2295	0.4266	1.4672
Gender	0.2257	0.1166		0.0889	0.0153		0.7327	1.1922	0.9016	1.3541
Audit Firm-Specific Variables										
Big4	0.2722	0.1381		0.3244	0.1812		0.7102	2.1587	0.6704	2.3868
IndExp	2.0773	4.9918	**	1.7028	2.7227	*	0.0255	1.4001	0.0989	1.7631
Office	-0.0462	0.0990		0.1115	0.6226		0.7530	2.4415	0.4301	2.8587
Client-Specific Variables										
Age	-0.2610	1.2045		-0.1225	0.2188		0.2724	1.1124	0.6400	1.2299
Size	0.5801	7.1263	***	0.3920	3.1159	*	0.0076	2.4132	0.0775	2.3089
OCF	-4.2348	4.4884	**	1.0020	0.0876		0.0341	1.5928	0.7672	1.4720
Lev	-3.2134	4.2546	**	-2.4571	2.4306		0.0391	3.8361	0.1190	3.0864
pBank	0.6393	11.2154	***	0.5837	8.2532	***	0.0008	4.6305	0.0041	3.8932
MB	0.0905	0.5783		0.0916	0.6803		0.4470	1.1300	0.4095	1.2438
AC	0.0827	0.0135		0.5825	0.7012		0.9076	1.4981	0.4024	1.6370
Lag	1.9134	12.3764	***	1.8397	5.3735	**	0.0004	1.4427	0.0204	1.7365
Busy	-1.2287	3.3784	*	-0.6904	0.6634		0.0661	1.1826	0.4154	1.2115
Y2008	0.5378	0.6307		0.8820	1.3042		0.4271	2.0507	0.2534	2.2763
Y2009	-1.5620	3.0859	*	-0.9222	0.5959		0.0790	2.1457	0.4401	1.9497
Intercept	-12.4701	11.1040	***	-14.0750	7.1195	***	0.0009	-	0.0076	-
Nagelkerke R^2	0.4808			0.3992						
Number of Obs.	277			151						

Appendix 27: GCO Analysis at Audit Partner Level: *GCO* on EPT_{Short} and RPT_{Short}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	-0.3612	0.3341		0.0605	0.0054		0.5632	1.4026	0.9413	1.9960
RPT_{Short}	0.7272	1.5709		0.7681	0.8751		0.2101	1.3304	0.3496	1.7373
Audit Partner-Specific Variables										
EP_{Exp}	-0.0763	3.0076	*	0.0839	1.5780		0.0829	1.2563	0.2090	1.3475
RP_{Exp}	-0.0487	2.2027		-0.0412	0.9058		0.1378	1.1522	0.3412	1.0961
$EP_{Ability}$	1.3218	3.7625	*	0.3858	0.2287		0.0524	1.1091	0.6325	1.2254
$RP_{Ability}$	1.3700	4.3846	**	0.5745	0.6707		0.0363	1.2239	0.4128	1.4603
Gender	0.1804	0.0792		0.0174	0.0006		0.7784	1.1817	0.9798	1.2929
Audit Firm-Specific Variables										
Big4	0.2443	0.1102		0.2121	0.0752		0.7399	2.1581	0.7839	2.3607
IndExp	2.1852	5.7083	**	1.8065	3.3249	*	0.0169	1.3995	0.0682	1.7515
Office	-0.0373	0.0643		0.1237	0.7691		0.7998	2.4408	0.3805	2.8110
Client-Specific Variables										
Age	-0.2349	1.0937		-0.0706	0.0740		0.2956	1.1135	0.7855	1.2558
Size	0.5845	7.3072	***	0.4044	3.3531	*	0.0069	2.4237	0.0671	2.3169
OCF	-4.3511	4.6021	**	0.8993	0.0667		0.0319	1.5786	0.7961	1.4709
Lev	-3.1077	3.8232	*	-2.2414	1.7272		0.0505	3.8460	0.1888	3.1138
pBank	0.6336	10.5421	***	0.5670	6.0134	**	0.0012	4.6270	0.0142	3.9366
MB	0.0909	0.5856		0.0975	0.8033		0.4441	1.1287	0.3701	1.2363
AC	0.0510	0.0054		0.6089	0.8297		0.9416	1.5051	0.3624	1.6414
Lag	1.8785	11.4991	***	1.8723	5.5611	**	0.0007	1.4475	0.0184	1.7460
Busy	-1.2011	3.3895	*	-0.6621	0.6641		0.0656	1.1816	0.4151	1.2500
Intercept	-12.9667	9.7408	***	-15.5948	8.2367	***	0.0018	-	0.0041	-
Nagelkerke R^2	0.4796			0.4053						
Number of Obs.	277			151						

Appendix 28: GCO Analysis at Audit Partner Level: *GCO* on EPT_{Long} and RPT_{Long}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long}	0.3655	0.2612		0.3248	0.1151		0.6093	1.1455	0.7345	1.4804
RPT_{Long}	0.5216	0.4786		0.6309	0.3758		0.4890	1.1493	0.5398	1.4097
Audit Partner-Specific Variables										
EP_{Exp}	-0.0852	3.4227	*	0.0529	0.7378		0.0643	1.2225	0.3904	1.2581
RP_{Exp}	-0.0494	2.1648		-0.0374	0.7351		0.1412	1.1329	0.3912	1.0903
$EP_{Ability}$	1.1388	2.8213	*	0.1981	0.0586		0.0930	1.1050	0.8088	1.3072
$RP_{Ability}$	1.3333	3.9452	**	0.5274	0.5371		0.0470	1.2235	0.4637	1.4469
Gender	0.2041	0.0957		0.0604	0.0069		0.7571	1.2152	0.9337	1.3438
Audit Firm-Specific Variables										
Big4	0.3270	0.1809		0.3313	0.1762		0.6706	2.1662	0.6747	2.3283
IndExp	2.1280	5.0223	**	1.6232	2.5685		0.0250	1.4077	0.1090	1.7563
Office	-0.0377	0.0643		0.1076	0.5246		0.7998	2.4653	0.4689	2.8974
Client-Specific Variables										
Age	-0.2028	0.8810		-0.1441	0.3162		0.3479	1.1143	0.5739	1.2004
Size	0.5650	6.8284	***	0.3848	2.9237	*	0.0090	2.4416	0.0873	2.3216
OCF	-4.0450	3.7946	*	1.3264	0.1460		0.0514	1.5856	0.7024	1.4785
Lev	-3.2200	4.0728	**	-2.6846	2.9039	*	0.0436	3.8374	0.0884	3.0797
pBank	0.6758	11.9492	***	0.6430	9.9139	***	0.0005	4.6048	0.0016	3.7369
MB	0.0840	0.5355		0.0816	0.5970		0.4643	1.1376	0.4397	1.2507
AC	-0.0688	0.0105		0.4845	0.4899		0.9186	1.4774	0.4840	1.5539
Lag	1.8011	12.4427	***	1.7864	5.1458	**	0.0004	1.4483	0.0233	1.6907
Busy	-1.2870	3.6853	*	-0.7569	0.8409		0.0549	1.2001	0.3591	1.2048
Intercept	-12.0457	11.2778	***	-13.5073	6.9905	***	0.0008	-	0.0082	-
Nagelkerke R^2		0.4766			0.3989					
Number of Obs.		277			151					

Appendix 29: GCO Analysis at Audit Partner Level: *GCO* on EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	-0.4252	0.2875		0.3109	0.1002		0.5918	1.9828	0.7516	2.5740
EPT_{Long}	0.3495	0.1499		0.9587	0.7185		0.6986	1.5702	0.3966	1.9028
RPT_{Short}	1.1984	2.4361		1.1760	1.5536		0.1186	1.8611	0.2126	2.1463
RPT_{Long}	1.4551	1.8856		1.1728	0.9563		0.1697	1.6199	0.3281	1.7485
Audit Partner-Specific Variables										
EP_{Exp}	-0.0809	3.2517	*	0.0701	1.1222		0.0713	1.2639	0.2894	1.3516
RP_{Exp}	-0.0463	1.8206		-0.0437	0.9057		0.1772	1.1540	0.3413	1.0963
$EP_{Ability}$	1.2171	3.5138	*	0.1243	0.0250		0.0609	1.1113	0.8745	1.3134
$RP_{Ability}$	1.4446	4.5733	**	0.6108	0.6819		0.0325	1.2241	0.4089	1.4638
Gender	0.2897	0.1843		0.2200	0.0907		0.6677	1.2295	0.7633	1.3498
Audit Firm-Specific Variables										
Big4	0.4011	0.2757		0.2544	0.0953		0.5995	2.1729	0.7575	2.3652
IndExp	2.3761	6.1211	**	1.8893	3.5910	*	0.0134	1.4116	0.0581	1.7604
Office	-0.0438	0.0900		0.1174	0.6408		0.7642	2.4790	0.4234	2.8977
Client-Specific Variables										
Age	-0.2090	0.8700		-0.0773	0.0805		0.3510	1.1175	0.7767	1.2560
Size	0.5790	6.2211	**	0.3875	2.5778		0.0126	2.4465	0.1084	2.3254
OCF	-4.4045	4.3175	**	1.1713	0.1043		0.0377	1.5879	0.7468	1.4881
Lev	-3.2973	3.6620	*	-2.4772	1.7766		0.0557	3.8513	0.1826	3.1309
pBank	0.6524	9.8309	***	0.5887	5.6710	**	0.0017	4.6277	0.0172	3.9460
MB	0.0802	0.4417		0.0895	0.6290		0.5063	1.1403	0.4277	1.2587
AC	0.1089	0.0242		0.7400	1.0287		0.8765	1.5100	0.3105	1.6507
Lag	1.9443	10.3383	***	2.0651	5.9445	**	0.0013	1.4588	0.0148	1.7856
Busy	-1.3740	3.7482	*	-0.8224	0.9749		0.0529	1.2031	0.3235	1.2594
Intercept	-13.5910	8.6712	***	-16.4249	8.2930	***	0.0032	-	0.0040	-
Nagelkerke R^2	0.4881			0.4211						
Number of Obs.	277			151						

Appendix 30: GCO Analysis at Audit Partner Level: *GCO* on EPT_{Short2} and RPT_{Short2}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short2}	-0.7026	0.9802		-0.2049	0.0675		0.3221	1.5107	0.7950	1.7794
RPT_{Short2}	0.4034	0.3867		0.2669	0.1889		0.5341	1.5103	0.6638	1.6550
Audit Partner-Specific Variables										
EP_{Exp}	-0.0983	4.0914	**	0.0614	0.7625		0.0431	1.2253	0.3825	1.3218
RP_{Exp}	-0.0495	2.1168		-0.0361	0.7040		0.1457	1.1562	0.4014	1.1034
$EP_{Ability}$	1.2279	2.5542		0.3966	0.2291		0.1100	1.1156	0.6322	1.2450
$RP_{Ability}$	1.3653	3.8533	**	0.5685	0.6934		0.0496	1.2373	0.4050	1.4771
Gender	0.1863	0.0825		0.0470	0.0044		0.7740	1.1832	0.9469	1.3576
Audit Firm-Specific Variables										
Big4	0.2524	0.1131		0.2977	0.1504		0.7366	2.1588	0.6981	2.3155
IndExp	2.0933	5.0468	**	1.6556	2.3331		0.0247	1.4006	0.1266	1.7786
Office	-0.0473	0.1014		0.1059	0.5496		0.7501	2.4212	0.4585	2.8293
Client-Specific Variables										
Age	-0.2449	1.0563		-0.1238	0.2258		0.3041	1.1074	0.6346	1.2275
Size	0.5761	7.6546	***	0.3938	3.2176	*	0.0057	2.4149	0.0729	2.3103
OCF	-4.1077	3.9741	**	1.0856	0.1003		0.0462	1.5837	0.7515	1.4695
Lev	-3.2807	4.1905	**	-2.5269	2.5664		0.0407	3.8563	0.1092	3.0620
pBank	0.6666	12.1360	***	0.6079	9.3205	***	0.0005	4.5947	0.0023	3.8054
MB	0.0844	0.5316		0.0875	0.5617		0.4659	1.1265	0.4536	1.2365
AC	0.0206	0.0010		0.5138	0.6413		0.9753	1.4892	0.4232	1.6012
Lag	1.8239	12.6857	***	1.7617	5.3934	**	0.0004	1.4473	0.0202	1.6929
Busy	-1.2229	3.3901	*	-0.7171	0.7277		0.0656	1.1787	0.3936	1.1998
Intercept	-11.7572	10.4362	***	-13.7650	7.6618	***	0.0012	-	0.0056	-
Nagelkerke R^2	0.4801			0.3961						
Number of Obs.	277			151						

Appendix 31: GCO Analysis at Audit Partner Level: *GCO* on EPT_{Long5} and RPT_{Long5}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long5}	0.4540	0.4291		0.1374	0.0348		0.5124	1.2366	0.8519	1.5473
RPT_{Long5}	-1.5701	3.6272	*	-0.9607	1.2754		0.0568	1.1767	0.2587	1.3375
Audit Partner-Specific Variables										
EP_{Exp}	-0.0728	2.4827		0.0770	1.5131		0.1151	1.2467	0.2187	1.2894
RP_{Exp}	-0.0541	2.5942		-0.0367	0.7342		0.1073	1.1411	0.3915	1.0907
$EP_{Ability}$	1.5180	5.2413	**	0.4740	0.3149		0.0221	1.1045	0.5747	1.2557
$RP_{Ability}$	1.4060	4.9400	**	0.5436	0.5941		0.0262	1.2271	0.4408	1.4439
Gender	0.1885	0.0858		0.0302	0.0020		0.7696	1.1873	0.9646	1.3046
Audit Firm-Specific Variables										
Big4	0.2444	0.1044		0.2210	0.0777		0.7466	2.1614	0.7805	2.4224
IndExp	2.1192	4.9812	**	1.7164	2.8306	*	0.0256	1.4016	0.0925	1.7479
Office	-0.0584	0.1581		0.1201	0.6583		0.6909	2.4573	0.4172	2.8655
Client-Specific Variables										
Age	-0.2573	1.2073		-0.1039	0.1530		0.2719	1.1128	0.6957	1.2097
Size	0.6204	8.1109	***	0.4079	3.3174	*	0.0044	2.4543	0.0686	2.3081
OCF	-4.4009	4.8142	**	0.9961	0.0891		0.0282	1.6055	0.7653	1.4641
Lev	-3.0540	3.6228	*	-2.4990	2.6729		0.0570	3.8665	0.1021	3.0663
pBank	0.6383	11.0077	***	0.6090	9.3760	***	0.0009	4.6248	0.0022	3.7502
MB	0.1055	0.7179		0.0996	0.9530		0.3968	1.1383	0.3290	1.2588
AC	0.1206	0.0287		0.5614	0.6957		0.8654	1.4862	0.4042	1.5583
Lag	1.9517	11.2770	***	1.8294	5.0232	**	0.0008	1.4482	0.0250	1.6837
Busy	-1.2457	3.6380	*	-0.6944	0.6913		0.0565	1.1839	0.4057	1.2145
Intercept	-13.0323	10.6615	***	-14.5500	7.5376	***	0.0011	-	0.0060	-
Nagelkerke R^2	0.4916			0.4033						
Number of Obs.	277			151						

Appendix 32: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on *EPT* and *RPT* (*Less EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT	-0.3020	0.8234		0.1403	0.1542		0.3642	1.6416	0.6946	2.3570
RPT	0.0563	0.0195		-0.3192	0.8327		0.8890	1.6274	0.3615	2.4375
Audit Partner-Specific Variables										
EP_{Exp}	-0.5250	3.8208	*	-0.1329	1.1755		0.0506	1.2440	0.2783	1.5342
RP_{Exp}	-0.0798	1.5886		-0.0092	0.0188		0.2075	1.2685	0.8908	1.1522
$EP_{Ability}$	-0.1306	0.0091		-0.6717	0.2102		0.9240	1.1775	0.6466	1.3903
$RP_{Ability}$	2.6453	2.9204	*	0.9275	0.5511		0.0875	1.2930	0.4579	1.7845
Gender	-0.9356	0.9959		-0.3698	0.0916		0.3183	1.2924	0.7622	1.5382
Audit Firm-Specific Variables										
Big4	1.7784	1.0251		-0.1022	0.0058		0.3113	2.3262	0.9393	2.6327
IndExp	3.9100	6.2501	**	2.0840	1.5878		0.0124	1.5973	0.2076	2.2368
Office	-0.1037	0.1921		0.1418	0.3753		0.6612	2.7735	0.5401	2.9476
Client-Specific Variables										
Age	0.1470	0.1525		0.0036	0.0001		0.6962	1.2015	0.9938	1.3714
Size	1.1861	4.5777	**	0.4439	2.1540		0.0324	3.0166	0.1422	2.8454
OCF	-10.1870	4.4882	**	-1.0484	0.0969		0.0341	1.8949	0.7556	1.6703
Lev	-8.4635	6.2484	**	-5.5570	4.0650	**	0.0124	3.9156	0.0438	3.2775
pBank	1.2826	9.7506	***	0.7804	5.5386	**	0.0018	4.7427	0.0186	3.8300
MB	0.5955	9.6941	***	0.2694	3.9541	**	0.0018	1.2483	0.0468	1.3723
AC	2.0734	2.7746	*	2.3268	2.6621		0.0958	1.6723	0.1028	1.7291
Lag	3.4818	4.1792	**	2.3856	2.4875		0.0409	1.5625	0.1148	2.0442
Busy	-0.6881	0.4290		0.9524	0.4458		0.5125	1.2548	0.5043	1.4530
Intercept	-23.6947	4.9031	**	-17.1536	3.0452	*	0.0268	-	0.0810	-
Nagelkerke R^2		0.6234			0.4650					
Number of Obs.		154			87					

Appendix 33: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Short} and RPT_{Short} (*Less EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	0.9255	0.6906		-0.0170	0.0003		0.4060	1.6109	0.9870	2.2825
RPT_{Short}	0.1218	0.0188		1.5308	2.3685		0.8911	1.5550	0.1238	2.3458
Audit Partner-Specific Variables										
EP_{Exp}	-0.4896	3.2604	*	-0.1034	0.9393		0.0710	1.2525	0.3325	1.5485
RP_{Exp}	-0.0918	1.6439		-0.0325	0.2223		0.1998	1.2456	0.6373	1.1583
$EP_{Ability}$	-0.1212	0.0078		-0.5750	0.1798		0.9298	1.1859	0.6716	1.3476
$RP_{Ability}$	2.4823	2.6494		1.0465	0.7598		0.1036	1.2922	0.3834	1.7865
Gender	-0.6980	0.5813		-0.3041	0.0616		0.4458	1.2683	0.8039	1.4374
Audit Firm-Specific Variables										
Big4	1.5777	0.8262		-0.2169	0.0249		0.3634	2.3321	0.8746	2.6065
IndExp	3.7763	5.6163	**	2.6006	2.3393		0.0178	1.5890	0.1261	2.1870
Office	-0.1266	0.2952		0.1411	0.3862		0.5869	2.7561	0.5343	2.8309
Client-Specific Variables										
Age	0.2065	0.2995		0.1318	0.0791		0.5842	1.2168	0.7785	1.3617
Size	1.2309	5.2028	**	0.4619	2.4337		0.0226	3.0015	0.1188	2.7805
OCF	-9.7813	4.4540	**	-1.2586	0.1178		0.0348	1.8453	0.7314	1.6669
Lev	-8.3415	6.7526	***	-5.0745	4.2148	**	0.0094	3.8798	0.0401	3.2525
pBank	1.2645	10.5572	***	0.7031	4.2742	**	0.0012	4.7153	0.0387	4.0141
MB	0.5955	9.9916	***	0.2871	4.2824	**	0.0016	1.2418	0.0385	1.3327
AC	1.9925	2.6094		2.4096	3.0256	*	0.1062	1.6912	0.0820	1.7407
Lag	3.5573	5.0113	**	2.5655	2.9902	*	0.0252	1.5691	0.0838	2.0657
Busy	-0.5926	0.3588		1.0933	0.6277		0.5492	1.2410	0.4282	1.5171
Intercept	-25.7556	6.5487	**	-20.2456	4.7857	**	0.0105	-	0.0287	-
Nagelkerke R^2	0.6242			0.4876						
Number of Obs.	154			87						

Appendix 34: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Long} and RPT_{Long} (*Less EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long}	-1.7258	1.4408		-0.7291	0.2532		0.2300	1.4118	0.6148	2.0055
RPT_{Long}	4.1164	3.4307	*	2.1109	1.4016		0.0640	1.4024	0.2365	1.9209
Audit Partner-Specific Variables										
EP_{Exp}	-0.7475	5.1425	**	-0.2344	2.5075		0.0233	1.2379	0.1133	1.3809
RP_{Exp}	-0.0976	1.6793		0.0073	0.0107		0.1950	1.1971	0.9176	1.1497
$EP_{Ability}$	-0.3749	0.0610		-1.2796	0.6254		0.8049	1.1594	0.4291	1.4470
$RP_{Ability}$	3.3827	3.2865	*	1.3196	0.8829		0.0699	1.2964	0.3474	1.8279
Gender	-1.0257	1.3800		-0.6767	0.2891		0.2401	1.3223	0.5908	1.5171
Audit Firm-Specific Variables										
Big4	3.0905	1.7890		0.2140	0.0229		0.1811	2.3220	0.8798	2.5560
IndExp	5.1781	3.3057	*	2.0593	1.3618		0.0690	1.5877	0.2432	2.2363
Office	-0.0858	0.1319		0.1896	0.5729		0.7165	2.8368	0.4491	2.9280
Client-Specific Variables										
Age	0.3685	0.4084		0.0303	0.0038		0.5228	1.2313	0.9508	1.3220
Size	1.1723	5.0766	**	0.2488	0.4599		0.0243	3.0800	0.4977	2.9105
OCF	-11.5753	3.7768	*	-1.4157	0.1344		0.0520	1.8613	0.7140	1.6854
Lev	-10.4540	7.8351	***	-5.9360	4.5479	**	0.0051	3.8429	0.0330	3.3066
pBank	1.7054	8.4763	***	0.8615	5.4105	**	0.0036	4.7275	0.0200	3.8008
MB	0.7496	9.3170	***	0.2836	4.1846	**	0.0023	1.2471	0.0408	1.3614
AC	2.2787	2.4218		2.1126	2.2643		0.1197	1.6498	0.1324	1.6987
Lag	3.6346	4.5648	**	1.8819	1.4847		0.0326	1.5538	0.2230	2.0298
Busy	-1.9517	1.5496		0.2475	0.0299		0.2132	1.2843	0.8627	1.4153
Intercept	-24.3931	5.6335	**	-13.1406	1.7340		0.0176	-	0.1879	-
Nagelkerke R^2	0.6592			0.4745						
Number of Obs.	154			87						

Appendix 35: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Short2} and RPT_{Short2} (*Less EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short2}	-0.1222	0.0149		-0.2062	0.0275		0.9030	1.8565	0.8682	2.3098
RPT_{Short2}	0.3643	0.1042		0.2812	0.0531		0.7469	1.8924	0.8178	2.3041
Audit Partner-Specific Variables										
EP_{Exp}	-0.5493	3.3562	*	-0.1611	1.5480		0.0670	1.1957	0.2134	1.4681
RP_{Exp}	-0.0689	1.2142		-0.0004	0.0000		0.2705	1.2758	0.9956	1.1637
$EP_{Ability}$	-0.0976	0.0044		-0.8176	0.3349		0.9470	1.1823	0.5628	1.3970
$RP_{Ability}$	2.6435	2.7197	*	1.0298	0.6554		0.0991	1.3178	0.4182	1.7735
Gender	-0.7618	0.8152		-0.4922	0.1663		0.3666	1.2671	0.6834	1.4997
Audit Firm-Specific Variables										
Big4	1.8626	1.0161		-0.0569	0.0018		0.3134	2.3738	0.9663	2.6348
IndExp	3.5392	4.5719	**	1.9517	1.3727		0.0325	1.6116	0.2414	2.3035
Office	-0.1512	0.5304		0.1570	0.5057		0.4664	2.7442	0.4770	2.8703
Client-Specific Variables										
Age	0.1615	0.1739		-0.0070	0.0002		0.6766	1.1885	0.9877	1.3149
Size	1.2668	4.3902	**	0.3939	1.5655		0.0361	2.9737	0.2109	2.7699
OCF	-10.4342	3.9011	**	-1.2141	0.1203		0.0483	1.8824	0.7287	1.6652
Lev	-8.6405	5.7279	**	-5.6533	4.6343	**	0.0167	4.0532	0.0313	3.2628
pBank	1.2947	9.2130	***	0.8080	6.2432	**	0.0024	4.8159	0.0125	3.7621
MB	0.5444	10.2399	***	0.2694	3.5937	*	0.0014	1.2299	0.0580	1.3728
AC	2.2046	3.7663	*	2.1747	3.7244	*	0.0523	1.6690	0.0536	1.7111
Lag	3.6019	3.8869	**	2.1794	2.7900	*	0.0487	1.5605	0.0949	1.9876
Busy	-0.4920	0.2308		0.7360	0.2802		0.6310	1.2407	0.5965	1.3921
Intercept	-25.3687	4.6896	**	-16.1416	3.7163	*	0.0303	-	0.0539	-
Nagelkerke R^2	0.6183			0.4585						
Number of Obs.	154			87						

Appendix 36: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Long5} and RPT_{Long5} (*Less EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long5}	-1.0925	0.5615		0.1934	0.0314		0.4536	1.4479	0.8594	1.7505
RPT_{Long5}	-1.0556	0.8387		-0.9113	1.0358		0.3598	1.3268	0.3088	1.6192
Audit Partner-Specific Variables										
EP_{Exp}	-0.4705	3.8848	**	-0.1312	1.4904		0.0487	1.2610	0.2222	1.4116
RP_{Exp}	-0.1006	2.3693		-0.0037	0.0031		0.1237	1.2083	0.9558	1.1479
$EP_{Ability}$	0.2173	0.0283		-0.6511	0.1655		0.8664	1.1634	0.6842	1.3964
$RP_{Ability}$	2.3931	2.3877		0.9378	0.5960		0.1223	1.3043	0.4401	1.7716
Gender	-0.7285	0.6344		-0.4060	0.1183		0.4258	1.2634	0.7309	1.4245
Audit Firm-Specific Variables										
Big4	1.5278	0.8651		-0.1418	0.0099		0.3523	2.3175	0.9206	2.6678
IndExp	4.0248	8.3481	***	2.0712	1.4916		0.0039	1.5887	0.2220	2.1738
Office	-0.1369	0.2959		0.1672	0.4502		0.5865	2.7741	0.5023	2.9251
Client-Specific Variables										
Age	0.1665	0.1835		-0.0065	0.0002		0.6684	1.2068	0.9888	1.3416
Size	1.2833	4.1480	**	0.3859	1.8642		0.0417	3.0455	0.1721	2.7254
OCF	-10.0759	4.5383	**	-0.8548	0.0647		0.0331	1.9102	0.7992	1.6930
Lev	-8.0730	4.4150	**	-5.3627	4.4381	**	0.0356	3.8899	0.0351	3.2199
pBank	1.1936	7.5818	***	0.7630	5.6440	**	0.0059	4.7365	0.0175	3.7842
MB	0.5984	8.6477	***	0.2767	4.3660	**	0.0033	1.2580	0.0367	1.3697
AC	2.0767	2.9052	*	2.1480	2.4879		0.0883	1.6597	0.1147	1.6945
Lag	3.5558	3.9708	**	2.2283	2.4187		0.0463	1.5687	0.1199	1.9724
Busy	-0.6209	0.3934		0.8277	0.3198		0.5305	1.2527	0.5717	1.4234
Intercept	-25.4945	4.4301	**	-16.6023	3.2764	*	0.0353	-	0.0703	-
Nagelkerke R^2		0.6361			0.4672					
Number of Obs.		154			87					

Appendix 37: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on *EPT* and *RPT* (*Less FT ≤ 3*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT	-0.0707	0.0736		-0.2116	0.3344		0.7861	1.4079	0.5631	1.9994
RPT	-0.2210	0.9529		0.1016	0.0812		0.3290	1.2824	0.7757	1.9225
Audit Partner-Specific Variables										
EP_{Exp}	-0.0031	0.0019		0.1089	0.4711		0.9656	1.5622	0.4925	1.7287
RP_{Exp}	-0.1199	1.7150		-0.0118	0.0207		0.1903	1.2865	0.8857	1.3787
$EP_{Ability}$	2.6753	4.5336	**	0.7158	0.1857		0.0332	1.0941	0.6665	1.3540
$RP_{Ability}$	0.4837	0.1520		-0.8415	0.1954		0.6967	1.4308	0.6584	2.0138
Gender	-0.5018	0.1610		-0.9197	0.4310		0.6882	1.5098	0.5115	2.2239
Audit Firm-Specific Variables										
Big4	-0.7640	0.2529		-0.5859	0.1316		0.6150	2.3869	0.7168	3.2227
IndExp	6.5730	7.8450	***	5.2504	5.0940	**	0.0051	1.3977	0.0240	2.3204
Office	0.2500	0.6069		0.3408	1.1090		0.4360	2.4996	0.2923	3.2534
Client-Specific Variables										
Age	-0.8548	1.3331		0.2028	0.0407		0.2483	1.2558	0.8401	1.3805
Size	0.7411	4.2321	**	0.4673	1.7382		0.0397	2.5491	0.1874	3.0236
OCF	-3.8916	1.0097		0.0115	0.0000		0.3150	1.7371	0.9987	1.6686
Lev	-4.9344	1.9000		-2.1936	0.7562		0.1681	2.8733	0.3845	2.7045
pBank	1.3830	8.1196	***	1.0991	3.2965	*	0.0044	3.6086	0.0694	3.5292
MB	0.5681	1.6228		0.3764	1.7293		0.2027	1.1458	0.1885	1.3836
AC	-2.2870	2.1861		-1.7319	0.8871		0.1393	1.6823	0.3463	2.2955
Lag	2.1194	4.4293	**	0.6080	0.1269		0.0353	1.4062	0.7217	1.9992
Busy	-4.2217	6.0511	**	-1.5135	0.6325		0.0139	1.3661	0.4264	1.7041
Intercept	-12.6454	5.0246	**	-12.7283	1.4339		0.0250	-	0.2311	-
Nagelkerke R^2	0.6612			0.5525						
Number of Obs.	161			86						

Appendix 38: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Short} and RPT_{Short} (*Less FT ≤ 3*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	0.4958	0.2641		1.4693	1.3813		0.6073	1.5018	0.2399	2.0078
RPT_{Short}	1.1589	1.6692		0.1956	0.0230		0.1964	1.3194	0.8795	2.2652
Audit Partner-Specific Variables										
EP_{Exp}	0.0249	0.1101		0.1586	0.8927		0.7400	1.5456	0.3448	1.7294
RP_{Exp}	-0.1296	2.4128		-0.0001	0.0000		0.1203	1.2851	0.9993	1.3392
$EP_{Ability}$	2.6147	3.6996	*	0.5752	0.1146		0.0544	1.0886	0.7350	1.2615
$RP_{Ability}$	0.4482	0.1281		-0.4783	0.0633		0.7204	1.4192	0.8014	1.9532
Gender	-0.4789	0.1693		-0.8413	0.4691		0.6807	1.4533	0.4934	2.0358
Audit Firm-Specific Variables										
Big4	-0.8310	0.3251		-0.6785	0.2164		0.5686	2.3894	0.6418	3.1980
IndExp	7.0386	6.8626	***	5.4861	7.4760	***	0.0088	1.3957	0.0063	2.2379
Office	0.2471	0.5863		0.3096	1.0150		0.4438	2.5101	0.3137	3.2204
Client-Specific Variables										
Age	-0.8862	1.3801		0.2598	0.0937		0.2401	1.2335	0.7595	1.4143
Size	0.7623	4.5256	**	0.4310	1.4627		0.0334	2.5501	0.2265	2.9911
OCF	-3.8459	0.9947		0.0315	0.0000		0.3186	1.7209	0.9966	1.6626
Lev	-4.7715	1.5680		-1.0558	0.1844		0.2105	2.9291	0.6677	2.7010
pBank	1.3788	8.0518	***	0.9470	2.2255		0.0045	3.5948	0.1357	3.8961
MB	0.6027	2.1607		0.3934	2.1930		0.1416	1.1280	0.1386	1.3356
AC	-2.1983	2.3088		-1.4690	0.6644		0.1286	1.7014	0.4150	2.3979
Lag	2.4824	6.5528	**	1.0703	0.4235		0.0105	1.4356	0.5152	2.1877
Busy	-4.3879	6.0570	**	-1.7145	0.7741		0.0139	1.3724	0.3790	1.8202
Intercept	-16.2627	6.4071	**	-16.4038	2.3207		0.0114	-	0.1277	-
Nagelkerke R^2	0.6681			0.5700						
Number of Obs.	161			86						

Appendix 39: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Long} and RPT_{Long} (*Less FT ≤ 3*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long}	-0.1601	0.0136		0.0387	0.0006		0.9072	1.2446	0.9799	1.7795
RPT_{Long}	1.1507	0.5007		1.2386	0.3456		0.4792	1.2034	0.5566	1.5961
Audit Partner-Specific Variables										
EP_{Exp}	-0.0577	0.4412		0.0327	0.0321		0.5066	1.4556	0.8579	1.4470
RP_{Exp}	-0.1084	1.7104		-0.0103	0.0167		0.1909	1.2394	0.8973	1.3062
$EP_{Ability}$	2.2188	4.0488	**	0.1192	0.0062		0.0442	1.0791	0.9373	1.3954
$RP_{Ability}$	0.4013	0.1111		-0.9155	0.2518		0.7389	1.4137	0.6158	1.9345
Gender	-0.6418	0.3601		-0.6926	0.2210		0.5484	1.5602	0.6383	2.2949
Audit Firm-Specific Variables										
Big4	-0.7544	0.3488		-0.4156	0.0496		0.5548	2.3843	0.8237	3.1022
IndExp	6.4598	5.8735	**	4.7135	4.9163	**	0.0154	1.4065	0.0266	2.2325
Office	0.2812	1.4535		0.3193	0.8988		0.2280	2.5182	0.3431	3.2982
Client-Specific Variables										
Age	-0.8534	1.0974		0.1663	0.0291		0.2948	1.2317	0.8645	1.3622
Size	0.7078	2.0404		0.4593	2.3266		0.1532	2.5764	0.1272	2.9864
OCF	-3.7184	0.6494		0.0825	0.0002		0.4203	1.7445	0.9893	1.7175
Lev	-5.1292	1.7027		-2.9420	1.2190		0.1919	2.7386	0.2696	2.4098
pBank	1.4942	6.0139	**	1.1117	4.4854	**	0.0142	3.4820	0.0342	3.0549
MB	0.5238	1.9543		0.3291	1.3447		0.1621	1.1370	0.2462	1.3536
AC	-2.8113	1.7086		-1.6065	0.9630		0.1912	1.6368	0.3264	1.9744
Lag	1.6309	3.2324	*	0.7958	0.3026		0.0722	1.3911	0.5823	1.7959
Busy	-4.6921	3.4947	*	-1.7001	0.6708		0.0616	1.4033	0.4128	1.7888
Intercept	-10.5037	3.8603	**	-12.4661	1.4074		0.0494	-	0.2355	-
Nagelkerke R^2	0.6610			0.5509						
Number of Obs.	161			86						

Appendix 40: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Short2} and RPT_{Short2} (*Less FT* ≤ *3*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short2}	0.0996	0.0064		1.0872	0.8159		0.9364	1.3734	0.3664	1.9708
RPT_{Short2}	-0.1594	0.0353		-1.1815	1.0681		0.8509	1.3389	0.3014	1.8706
Audit Partner-Specific Variables										
EP_{Exp}	-0.0471	0.2822		0.1155	0.6131		0.5952	1.4555	0.4336	1.6891
RP_{Exp}	-0.1145	1.6059		-0.0244	0.0955		0.2051	1.2750	0.7573	1.3425
$EP_{Ability}$	2.4052	3.7006	*	0.4557	0.0754		0.0544	1.0975	0.7836	1.2797
$RP_{Ability}$	0.2715	0.0536		-1.2500	0.4027		0.8169	1.4129	0.5257	2.0860
Gender	-0.5258	0.2926		-0.8692	0.4903		0.5886	1.4593	0.4838	2.1173
Audit Firm-Specific Variables										
Big4	-0.8591	0.3297		-0.7182	0.1379		0.5658	2.3768	0.7103	3.0713
IndExp	6.2698	6.3049	**	5.5172	5.9955	**	0.0120	1.4016	0.0143	2.3150
Office	0.2645	0.8752		0.3952	0.9811		0.3495	2.4938	0.3219	3.2496
Client-Specific Variables										
Age	-0.8396	1.0280		0.1388	0.0315		0.3106	1.2321	0.8590	1.3761
Size	0.7510	3.3688	*	0.5642	2.5918		0.0664	2.5514	0.1074	2.9996
OCF	-3.6403	0.7047		0.2173	0.0012		0.4012	1.7212	0.9720	1.6701
Lev	-5.0599	1.9418		-2.2910	0.6831		0.1635	2.7971	0.4085	2.6588
pBank	1.4554	7.6349	***	1.2332	6.9753	***	0.0057	3.5349	0.0083	3.3965
MB	0.5263	2.2418		0.4441	3.0557	*	0.1343	1.1325	0.0805	1.4039
AC	-2.7330	2.5546		-2.1342	2.3758		0.1100	1.6665	0.1232	2.2451
Lag	1.6853	3.3170	*	0.4449	0.1160		0.0686	1.4076	0.7334	1.9705
Busy	-4.3123	4.9010	**	-1.3123	0.6027		0.0268	1.3671	0.4376	1.6692
Intercept	-11.1100	3.4954	*	-13.8137	2.1462		0.0615	-	0.1429	-
Nagelkerke R^2		0.6567			0.5630					
Number of Obs.		161			86					

Appendix 41: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on EPT_{Long5} and RPT_{Long5} (*Less FT ≤ 3*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long5}	-1.0053	0.5371		-0.8475	0.4487		0.4636	1.4177	0.5029	1.6560
RPT_{Long5}	-3.2719	5.3191	**	-1.0820	0.4682		0.0211	1.2053	0.4938	1.4579
Audit Partner-Specific Variables										
EP_{Exp}	0.0460	0.3027		0.1845	0.8422		0.5822	1.5397	0.3588	1.4576
RP_{Exp}	-0.2204	2.6433		-0.0021	0.0007		0.1040	1.2627	0.9793	1.3701
$EP_{Ability}$	4.2249	7.9081	***	0.8582	0.3179		0.0049	1.0798	0.5729	1.3316
$RP_{Ability}$	0.5091	0.1174		-0.6755	0.1429		0.7319	1.4597	0.7054	1.9476
Gender	-0.7804	0.2033		-0.5686	0.1741		0.6521	1.5069	0.6765	2.0635
Audit Firm-Specific Variables										
Big4	-0.1380	0.0057		-0.8750	0.1759		0.9397	2.3844	0.6749	3.2061
IndExp	9.8318	6.9804	***	5.4698	7.3295	***	0.0082	1.3970	0.0068	2.1642
Office	0.2108	0.2966		0.4330	0.9809		0.5860	2.5056	0.3220	3.2792
Client-Specific Variables										
Age	-1.3166	2.8749	*	0.0496	0.0034		0.0900	1.2373	0.9535	1.3493
Size	1.0041	4.9756	**	0.4314	1.7031		0.0257	2.5746	0.1919	3.0276
OCF	-5.4179	1.6975		0.2332	0.0019		0.1926	1.7728	0.9648	1.6728
Lev	-5.6069	2.9528	*	-2.0503	0.6940		0.0857	2.9180	0.4048	2.4263
pBank	1.7201	11.8026	***	0.9581	3.7754	*	0.0006	3.5884	0.0520	3.0868
MB	0.8185	3.6026	*	0.3653	2.4629		0.0577	1.1545	0.1166	1.3813
AC	-2.6421	3.3547	*	-1.2641	0.5537		0.0670	1.6564	0.4568	1.9958
Lag	3.5832	10.2756	***	1.3781	0.5236		0.0013	1.4220	0.4693	1.8490
Busy	-6.0411	8.5741	***	-0.9058	0.1787		0.0034	1.3631	0.6725	1.6936
Intercept	-19.0242	6.7809	***	-18.2737	1.5994		0.0092	-	0.2060	-
Nagelkerke R^2	0.7042			0.5667						
Number of Obs.	161			86						

Appendix 42: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on *Team*

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
Team	-0.0008	0.0000		0.0480	0.0709		0.9963	1.1485	0.7900	1.3152
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0648	7.3368	***	-0.0085	0.0733		0.0068	1.2075	0.7866	1.1482
$Team_{Ability}$	1.5706	7.2627	***	0.5399	0.7247		0.0070	1.1636	0.3946	1.3403
Gender	0.1700	0.0756		-0.0923	0.0182		0.7834	1.1571	0.8926	1.2633
Audit Firm-Specific Variables										
Big4	0.3515	0.2388		0.2296	0.0937		0.6250	2.0930	0.7595	2.1688
IndExp	2.2182	5.3467	**	1.5572	2.5990		0.0208	1.3851	0.1069	1.7502
Office	-0.0537	0.1452		0.0893	0.4103		0.7032	2.4157	0.5218	2.6725
Client-Specific Variables										
Age	-0.2100	0.9911		-0.1500	0.3319		0.3195	1.1062	0.5646	1.2297
Size	0.5845	7.9260	***	0.3796	3.0476	*	0.0049	2.3915	0.0809	2.2982
OCF	-4.4585	4.7486	**	1.2821	0.1306		0.0293	1.5638	0.7179	1.4710
Lev	-2.9401	3.6114	*	-2.6086	3.4400	*	0.0574	3.7907	0.0636	3.0068
pBank	0.6449	12.2597	***	0.6459	12.1190	***	0.0005	4.5179	0.0005	3.5973
MB	0.0906	0.5811		0.0818	0.6466		0.4459	1.1253	0.4213	1.1946
AC	-0.0322	0.0026		0.3136	0.2595		0.9596	1.4689	0.6105	1.4935
Lag	1.7883	12.4000	***	1.4974	3.9343	**	0.0004	1.4202	0.0473	1.5872
Busy	-1.286	3.699	*	-0.729	0.766		0.054	1.176	0.382	1.188
Intercept	-12.1108	11.3241	***	-11.7551	5.4211	**	0.0008	-	0.0199	-
Nagelkerke R^2	0.4825			0.3836						
Number of Obs	277			151						

Appendix 43: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on $Team_{Short}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
$Team_{Short}$	0.3994	0.3922		0.3475	0.3174		0.5312	1.0994	0.5732	1.2487
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0642	7.2239	***	-0.0060	0.0376		0.0072	1.1643	0.8463	1.1109
$Team_{Ability}$	1.5697	7.6895	***	0.5800	0.8383		0.0056	1.1569	0.3599	1.3177
Gender	0.1899	0.0922		-0.0937	0.0193		0.7614	1.1622	0.8894	1.2647
Audit Firm-Specific Variables										
Big4	0.3099	0.1882		0.2062	0.0809		0.6644	2.0912	0.7761	2.1700
IndExp	2.2575	5.4346	**	1.6205	2.9468	*	0.0197	1.3862	0.0860	1.7491
Office	-0.0454	0.1001		0.0929	0.4741		0.7517	2.4145	0.4911	2.6737
Client-Specific Variables										
Age	-0.1998	0.9413		-0.1190	0.2090		0.3319	1.1043	0.6475	1.2125
Size	0.5851	7.6868	***	0.3737	2.8227	*	0.0056	2.3966	0.0929	2.3023
OCF	-4.5151	4.8043	**	1.1288	0.1004		0.0284	1.5618	0.7513	1.4665
Lev	-2.9122	3.5802	*	-2.5117	3.2448	*	0.0585	3.7994	0.0717	3.0248
pBank	0.6335	12.3672	***	0.6174	11.1643	***	0.0004	4.5286	0.0008	3.6392
MB	0.0953	0.6284		0.0877	0.7355		0.4279	1.1287	0.3911	1.1968
AC	-0.0420	0.0042		0.3264	0.2775		0.9480	1.4640	0.5983	1.4927
Lag	1.8323	11.8828	***	1.5221	3.9393	**	0.0006	1.4301	0.0472	1.5966
Busy	-1.319	4.038	**	-0.751	0.863		0.044	1.176	0.353	1.182
Intercept	-12.7927	9.5678	***	-12.2469	5.3262	**	0.0020	-	0.0210	-
Nagelkerke R^2		0.4840			0.3849					
Number of Obs		277			151					

Appendix 44: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on $Team_{Long}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
$Team_{Long}$	1.8187	2.0217		1.0375	0.6135		0.1551	1.0674	0.4335	1.2185
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0648	7.1082	***	-0.0106	0.1130		0.0077	1.1634	0.7367	1.1209
$Team_{Ability}$	1.5934	7.3712	***	0.5281	0.7084		0.0066	1.1573	0.4000	1.3206
Gender	0.2241	0.1259		-0.0592	0.0073		0.7227	1.1567	0.9319	1.2750
Audit Firm-Specific Variables										
Big4	0.4306	0.3347		0.2423	0.1016		0.5629	2.0946	0.7499	2.1694
IndExp	2.2323	5.1645	**	1.5828	2.8199	*	0.0231	1.3855	0.0931	1.7414
Office	-0.0546	0.1469		0.0983	0.4801		0.7016	2.4145	0.4884	2.6912
Client-Specific Variables										
Age	-0.1957	0.8641		-0.1574	0.3757		0.3526	1.1157	0.5399	1.2036
Size	0.5922	7.4100	***	0.3674	2.6078		0.0065	2.4025	0.1063	2.3399
OCF	-4.4392	4.4094	**	1.3202	0.1335		0.0357	1.5619	0.7148	1.4702
Lev	-3.1705	3.8964	**	-2.7471	3.6370	*	0.0484	3.8004	0.0565	3.0268
pBank	0.6735	11.9668	***	0.6584	11.6508	***	0.0005	4.5193	0.0006	3.5642
MB	0.0796	0.4771		0.0801	0.6234		0.4897	1.1212	0.4298	1.1946
AC	-0.0304	0.0023		0.3122	0.2449		0.9622	1.4660	0.6207	1.4946
Lag	1.7609	11.6162	***	1.4909	3.7009	*	0.0007	1.4205	0.0544	1.5841
Busy	-1.379	4.232	**	-0.813	0.979		0.040	1.178	0.323	1.182
Intercept	-12.0131	10.6007	***	-11.4340	4.8587	**	0.0011	-	0.0275	-
Nagelkerke R^2		0.4893			0.3870					
Number of Obs		277			151					

Appendix 45: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on $Team_{Short2}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
$Team_{Short2}$	-0.1643	0.0728		-0.3648	0.2992		0.7872	1.1204	0.5844	1.2290
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0673	7.6445	***	-0.0113	0.1218		0.0057	1.1821	0.7271	1.1324
$Team_{Ability}$	1.5451	6.4504	**	0.5196	0.6852		0.0111	1.1672	0.4078	1.3182
Gender	0.1796	0.0845		-0.0535	0.0060		0.7713	1.1565	0.9385	1.2634
Audit Firm-Specific Variables										
Big4	0.3617	0.2514		0.2327	0.0941		0.6161	2.0955	0.7590	2.1688
IndExp	2.2046	5.1082	**	1.5027	2.1047		0.0238	1.3870	0.1468	1.7658
Office	-0.0577	0.1679		0.0872	0.3779		0.6820	2.4193	0.5387	2.6720
Client-Specific Variables										
Age	-0.2144	0.9977		-0.1703	0.3998		0.3179	1.1042	0.5272	1.2259
Size	0.5847	7.8507	***	0.3871	3.2767	*	0.0051	2.3952	0.0703	2.2945
OCF	-4.4193	4.5760	**	1.3090	0.1474		0.0324	1.5624	0.7011	1.4654
Lev	-2.8746	3.2867	*	-2.5944	3.2169	*	0.0698	3.7948	0.0729	2.9989
pBank	0.6426	11.6023	***	0.6441	11.5843	***	0.0007	4.5149	0.0007	3.5629
MB	0.0877	0.5502		0.0766	0.5674		0.4582	1.1199	0.4513	1.1911
AC	-0.0363	0.0033		0.2928	0.2266		0.9539	1.4687	0.6341	1.4972
Lag	1.7791	12.7013	***	1.5332	3.9305	**	0.0004	1.4191	0.0474	1.5839
Busy	-1.276	3.708	*	-0.690	0.641		0.054	1.173	0.423	1.189
Intercept	-11.8672	10.2279	***	-11.5165	5.1081	**	0.0014	-	0.0238	-
Nagelkerke R^2		0.4829			0.3863					
Number of Obs		277			151					

Appendix 46: GCO Sensitivity Analysis at Audit Partner Level: *GCO* on $Team_{Long5}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable										
$Team_{Long5}$	-1.1389	1.2233		-0.6717	0.4532		0.2687	1.0825	0.5008	1.1827
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0663	7.3275	***	-0.0061	0.0395		0.0068	1.1608	0.8424	1.1020
$Team_{Ability}$	1.5193	7.2118	***	0.5732	0.8514		0.0072	1.1619	0.3561	1.3156
Gender	0.1543	0.0608		-0.0899	0.0175		0.8053	1.1571	0.8947	1.2642
Audit Firm-Specific Variables										
Big4	0.3458	0.2290		0.2239	0.0938		0.6323	2.0912	0.7594	2.1726
IndExp	2.3246	5.9063	**	1.6099	2.9384	*	0.0151	1.3858	0.0865	1.7432
Office	-0.0492	0.1205		0.0884	0.4220		0.7285	2.4146	0.5159	2.6739
Client-Specific Variables										
Age	-0.1960	0.9005		-0.1178	0.2014		0.3427	1.1046	0.6536	1.2134
Size	0.5865	7.9257	***	0.3766	2.9187	*	0.0049	2.3972	0.0876	2.3065
OCF	-4.4832	4.9551	**	1.1577	0.1125		0.0260	1.5616	0.7373	1.4675
Lev	-2.9697	3.7389	*	-2.5610	3.2769	*	0.0532	3.7907	0.0703	3.0004
pBank	0.6416	12.2779	***	0.6236	10.8452	***	0.0005	4.5149	0.0010	3.5664
MB	0.1027	0.6922		0.0887	0.8000		0.4054	1.1336	0.3711	1.2077
AC	-0.0187	0.0008		0.3110	0.2502		0.9770	1.4676	0.6169	1.4928
Lag	1.8618	11.9890	***	1.5414	3.9627	**	0.0005	1.4287	0.0465	1.5985
Busy	-1.345	4.369	**	-0.793	0.919		0.037	1.173	0.338	1.186
Intercept	-12.4720	10.8938	***	-11.9356	5.5018	**	0.0010	-	0.0190	-
Nagelkerke R^2		0.4884			0.3863					
Number of Obs		277			151					

Appendix 47: GCO Moderator Analyses at Audit Partner Level: *GCO* on *EPT*Moderator* and *RPT*Moderator*

	Model A			Model B		Model A	Model B
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**	**p-Value**	**p-Value**
Moderator: Audit Firm Size							
*EPT*Big4*	-0.4513	3.3832	*	-0.4162	2.0462	0.0659	0.1526
*RPT*Big4*	0.0741	0.0601		-0.1962	0.2550	0.8063	0.6136
Moderator: Industry Expertise							
*EPT*IndExp$_D$*	0.2078	0.8640		0.1693	0.2983	0.3526	0.5850
*RPT*IndExp$_D$*	-0.3625	1.2707		-0.1067	0.0826	0.2596	0.7738
Moderator: Audit Office Size							
*EPT*Office$_D$*	-0.2470	1.1111		0.0153	0.0034	0.2918	0.9537
*RPT*Office$_D$*	0.3426	1.3565		0.1486	0.2052	0.2441	0.6506
Moderator: Client Size							
*EPT*Size$_D$*	-0.2674	1.2312		0.0465	0.0200	0.2672	0.8874
*RPT*Size$_D$*	-0.2751	0.8239		-0.3213	0.7393	0.3641	0.3899
Moderator: Work Experience							
*EPT*EP$_{ExpD}$*	-0.2286	0.3870		-0.0588	0.0228	0.5339	0.8799
*RPT*RP$_{ExpD}$*	-0.4503	1.6471		-0.3734	0.9721	0.1994	0.3242

Appendix 48: GCO Joint Analysis: *GCO* on *FT*, *EPT* and *RPT*

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT	-0.2018	3.5088	*	-0.1316	1.4055		0.0610	1.5450	0.2358	1.8536
EPT	0.2886	2.1780		0.1381	0.3348		0.1400	1.4237	0.5628	2.0397
RPT	-0.1389	0.5275		-0.1080	0.2875		0.4677	1.4716	0.5918	1.6856
Audit Partner-Specific Variables										
EP_{Exp}	-0.1058	4.3750	**	0.0522	0.5235		0.0365	1.2818	0.4694	1.3840
RP_{Exp}	-0.0380	1.2236		-0.0397	0.8006		0.2687	1.1546	0.3709	1.1267
$EP_{Ability}$	1.1814	2.5568		0.3765	0.1866		0.1098	1.1126	0.6658	1.2693
$RP_{Ability}$	1.5364	5.4245	**	0.5862	0.7307		0.0199	1.2356	0.3927	1.4708
Gender	0.1586	0.0507		0.0850	0.0138		0.8218	1.1930	0.9065	1.3546
Audit Firm-Specific Variables										
Big4	0.2368	0.0874		0.2173	0.0752		0.7675	2.1817	0.7839	2.3950
IndExp	2.2040	4.3353	**	1.6768	2.4756		0.0373	1.4127	0.1156	1.7748
Office	-0.0422	0.0850		0.1246	0.7508		0.7706	2.4419	0.3862	2.8587
Client-Specific Variables										
Age	-0.1613	0.4004		-0.0653	0.0586		0.5269	1.1728	0.8087	1.2898
Size	0.6677	9.4228	***	0.4156	3.5116	*	0.0021	2.4613	0.0609	2.3223
OCF	-4.4202	4.6871	**	1.1151	0.1051		0.0304	1.6060	0.7458	1.4801
Lev	-4.5325	7.6665	***	-3.1305	3.3287	*	0.0056	4.0595	0.0681	3.3414
pBank	0.7939	16.2560	***	0.6738	10.6373	***	0.0001	4.7865	0.0011	4.1118
MB	0.0930	0.5177		0.0913	0.6954		0.4718	1.1313	0.4043	1.2439
AC	0.2419	0.0982		0.6676	0.7661		0.7540	1.5061	0.3814	1.6899
Lag	1.8432	9.1961	***	1.6815	4.7970	**	0.0024	1.4606	0.0285	1.7568
Busy	-1.1877	2.8314	*	-0.7342	0.7418		0.0924	1.1826	0.3891	1.2157
Y2008	0.6394	0.9405		0.9908	1.5927		0.3321	2.0598	0.2069	2.3192
Y2009	-1.6689	3.0224	*	-0.8274	0.4430		0.0821	2.1631	0.5057	2.0386
Intercept	-12.6421	9.6474	***	-13.2257	6.5948	**	0.0019	-	0.0102	-
Nagelkerke R^2	0.5008			0.4106						
Number of Obs.	277			151						

Appendix 49: GCO Joint Analysis: *GCO* on FT_{Short}, EPT_{Short} and RPT_{Short}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short}	0.9108	1.4964		0.1960	0.0692		0.2212	1.6950	0.7926	2.0475
EPT_{Short}	-0.7631	1.0444		-0.0167	0.0003		0.3068	1.6037	0.9854	2.2247
RPT_{Short}	0.4304	0.4549		0.6742	0.5819		0.5000	1.5599	0.4456	2.0752
Audit Partner-Specific Variables										
EP_{Exp}	-0.0947	3.9554	**	0.0787	1.2037		0.0467	1.2867	0.2726	1.4157
RP_{Exp}	-0.0472	2.1334		-0.0426	0.9301		0.1441	1.1535	0.3348	1.1235
$EP_{Ability}$	1.3659	3.8809	**	0.4066	0.2556		0.0488	1.1091	0.6132	1.2345
$RP_{Ability}$	1.4198	4.5614	**	0.5592	0.6141		0.0327	1.2248	0.4332	1.4618
Gender	0.1345	0.0407		-0.0033	0.0000		0.8402	1.1830	0.9961	1.3011
Audit Firm-Specific Variables										
Big4	0.1949	0.0615		0.1753	0.0457		0.8042	2.1867	0.8307	2.3991
IndExp	2.2793	5.4240	**	1.7950	3.1762	*	0.0199	1.4012	0.0747	1.7523
Office	-0.0315	0.0456		0.1279	0.8153		0.8308	2.4437	0.3665	2.8262
Client-Specific Variables										
Age	-0.1743	0.5626		-0.0658	0.0618		0.4532	1.1492	0.8036	1.2614
Size	0.6493	7.9233	***	0.4108	3.3336	*	0.0049	2.4418	0.0679	2.3317
OCF	-4.9654	4.6999	**	0.8384	0.0541		0.0302	1.5793	0.8160	1.4824
Lev	-3.8084	5.0451	**	-2.3981	1.5569		0.0247	4.0346	0.2121	3.3629
pBank	0.7103	12.8063	***	0.5902	5.8843	**	0.0003	4.7362	0.0153	4.3093
MB	0.0916	0.5487		0.0975	0.7940		0.4589	1.1290	0.3729	1.2392
AC	0.0508	0.0053		0.5936	0.8079		0.9417	1.5056	0.3687	1.6440
Lag	1.8675	10.3090	***	1.8183	5.4971	**	0.0013	1.4604	0.0190	1.8008
Busy	-1.0993	2.3309		-0.6799	0.7130		0.1268	1.1872	0.3985	1.2752
Intercept	-13.5110	9.0066	***	-15.2818	8.0910	***	0.0027	-	0.0044	-
Nagelkerke R^2		0.4896			0.4060					
Number of Obs.		277			151					

Appendix 50: GCO Joint Analysis: *GCO* on FT_{Long}, EPT_{Long} and RPT_{Long}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long}	-2.6503	8.8505	***	-2.0553	4.3843	**	0.0029	1.2236	0.0363	1.2403
EPT_{Long}	0.7431	1.1441		0.4947	0.2125		0.2848	1.1456	0.6448	1.4891
RPT_{Long}	0.5436	0.5507		0.5174	0.2363		0.4580	1.1561	0.6269	1.4404
Audit Partner-Specific Variables										
EP_{Exp}	-0.0691	2.2602		0.0552	0.7638		0.1327	1.2478	0.3821	1.2613
RP_{Exp}	-0.0567	2.6816		-0.0397	0.8508		0.1015	1.1340	0.3563	1.1009
$EP_{Ability}$	0.9563	1.9123		0.0651	0.0059		0.1667	1.1094	0.9386	1.3134
$RP_{Ability}$	1.3628	3.9344	**	0.6162	0.7064		0.0473	1.2243	0.4006	1.4536
Gender	0.3032	0.2284		0.1696	0.0580		0.6327	1.2165	0.8097	1.3449
Audit Firm-Specific Variables										
Big4	0.5429	0.4571		0.4773	0.3563		0.4990	2.1801	0.5506	2.3726
IndExp	2.1640	5.0529	**	1.7341	2.8561	*	0.0246	1.4148	0.0910	1.7571
Office	-0.0686	0.2225		0.1078	0.5388		0.6372	2.4774	0.4629	2.9068
Client-Specific Variables										
Age	-0.1825	0.6560		-0.1047	0.1595		0.4180	1.1201	0.6896	1.2781
Size	0.6279	7.8590	***	0.3896	3.0857	*	0.0051	2.4785	0.0790	2.3217
OCF	-3.8691	3.4117	*	1.3486	0.1573		0.0647	1.5905	0.6916	1.4805
Lev	-3.5145	5.3986	**	-3.0133	3.8083	*	0.0202	3.8651	0.0510	3.0937
pBank	0.7143	14.3426	***	0.6656	10.8685	***	0.0002	4.6170	0.0010	3.7376
MB	0.0799	0.4296		0.0760	0.5185		0.5122	1.1376	0.4715	1.2524
AC	0.1194	0.0302		0.5237	0.5422		0.8620	1.5186	0.4615	1.5652
Lag	1.9297	12.8786	***	1.8722	5.6829	**	0.0003	1.4488	0.0171	1.6908
Busy	-1.2873	3.4892	*	-0.7800	0.9012		0.0618	1.2001	0.3425	1.2152
Intercept	-12.9927	11.4067	***	-13.9675	7.5440	***	0.0007	-	0.0060	-
Nagelkerke R^2	0.4926			0.4110						
Number of Obs.	277			151						

Appendix 51: GCO Joint Analysis: *GCO* on FT_{Short2}, EPT_{Short2} and RPT_{Short2}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short2}	0.9810	1.7313		0.9680	1.3979		0.1882	1.8915	0.2371	2.0298
EPT_{Short2}	-1.1365	1.6833		-0.6051	0.3652		0.1945	1.7322	0.5456	2.0850
RPT_{Short2}	0.1430	0.0384		-0.0076	0.0001		0.8447	1.8136	0.9910	1.8640
Audit Partner-Specific Variables										
EP_{Exp}	-0.1194	4.9911	**	0.0406	0.2660		0.0255	1.2479	0.6060	1.3764
RP_{Exp}	-0.0496	2.1297		-0.0419	0.9273		0.1445	1.1562	0.3356	1.1144
$EP_{Ability}$	1.2078	2.3534		0.5217	0.3903		0.1250	1.1157	0.5321	1.2647
$RP_{Ability}$	1.3955	3.8402	*	0.5559	0.6509		0.0500	1.2373	0.4198	1.4794
Gender	0.2253	0.1125		0.1769	0.0594		0.7373	1.1867	0.8075	1.3702
Audit Firm-Specific Variables										
Big4	0.2261	0.0823		0.1831	0.0518		0.7742	2.1671	0.8199	2.3433
IndExp	2.1610	5.0930	**	1.7420	2.6923		0.0240	1.4008	0.1008	1.7792
Office	-0.0462	0.0998		0.1302	0.8339		0.7521	2.4290	0.3611	2.8482
Client-Specific Variables										
Age	-0.2042	0.7337		-0.0958	0.1437		0.3917	1.1348	0.7046	1.2321
Size	0.6304	8.3137	***	0.4037	3.2792	*	0.0039	2.4189	0.0702	2.3131
OCF	-4.4693	4.1143	**	0.8495	0.0567		0.0425	1.5842	0.8117	1.4902
Lev	-3.7901	5.2385	**	-3.0172	3.1522	*	0.0221	3.9625	0.0758	3.1789
pBank	0.7252	14.3145	***	0.6533	10.2259	***	0.0002	4.6706	0.0014	3.8654
MB	0.0770	0.4111		0.0886	0.5537		0.5214	1.1325	0.4568	1.2368
AC	0.0241	0.0014		0.5537	0.6575		0.9706	1.4892	0.4174	1.6054
Lag	1.8225	12.1969	***	1.7516	5.3953	**	0.0005	1.4510	0.0202	1.6929
Busy	-1.1565	2.8757	*	-0.6879	0.6464		0.0899	1.1810	0.4214	1.2044
Intercept	-12.1328	10.2880	***	-13.7931	7.4083	***	0.0013	-	0.0065	-
Nagelkerke R^2		0.4899			0.4082					
Number of Obs.		277			151					

Appendix 52: GCO Joint Analysis: *GCO* on FT_{Long7}, EPT_{Long5} and RPT_{Long5}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long7}	-0.5188	0.6550		0.1022	0.0202		0.4183	1.2932	0.8870	1.4325
EPT_{Long5}	0.5864	0.6978		0.1114	0.0227		0.4035	1.2635	0.8804	1.6151
RPT_{Long5}	-1.5006	3.1148	*	-0.9878	1.2154		0.0776	1.2126	0.2703	1.3571
Audit Partner-Specific Variables										
EP_{Exp}	-0.0818	2.9229	*	0.0791	1.5861		0.0873	1.2980	0.2079	1.3149
RP_{Exp}	-0.0501	2.3995		-0.0365	0.7127		0.1214	1.1416	0.3985	1.1038
$EP_{Ability}$	1.5724	5.5109	**	0.4542	0.2870		0.0189	1.1049	0.5921	1.2567
$RP_{Ability}$	1.4573	5.2320	**	0.5380	0.5804		0.0222	1.2410	0.4462	1.4467
Gender	0.1412	0.0434		0.0352	0.0026		0.8350	1.1875	0.9590	1.3051
Audit Firm-Specific Variables										
Big4	0.2156	0.0763		0.2319	0.0832		0.7824	2.1830	0.7731	2.4251
IndExp	2.1505	4.5844	**	1.7254	2.7617	*	0.0323	1.4183	0.0965	1.7524
Office	-0.0526	0.1292		0.1187	0.6273		0.7193	2.4578	0.4284	2.8658
Client-Specific Variables										
Age	-0.2180	0.7540		-0.1092	0.1569		0.3852	1.1594	0.6920	1.2343
Size	0.6448	9.5441	***	0.4078	3.2517	*	0.0020	2.4836	0.0713	2.3116
OCF	-4.4483	4.6379	**	0.9612	0.0809		0.0313	1.6184	0.7760	1.4814
Lev	-3.5938	4.7964	**	-2.4424	2.4836		0.0285	4.0351	0.1150	3.2034
pBank	0.6983	12.9449	***	0.6009	8.8765	***	0.0003	4.7528	0.0029	3.8631
MB	0.1084	0.7390		0.1001	0.9450		0.3900	1.1388	0.3310	1.2600
AC	0.1697	0.0520		0.5541	0.6598		0.8196	1.4885	0.4166	1.6042
Lag	1.8687	9.4024	***	1.8620	4.9451	**	0.0022	1.4804	0.0262	1.7091
Busy	-1.2395	3.6201	*	-0.6891	0.6639		0.0571	1.1851	0.4152	1.2162
Intercept	-12.8135	9.9752	***	-14.7274	7.2878	***	0.0016	-	0.0069	-
Nagelkerke R^2		0.4953			0.4035					
Number of Obs.		277			151					

Appendix 53: GCO Joint Analysis: *GCO* on FT_{Long8}, EPT_{Long5} and RPT_{Long5}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long8}	-1.2756	2.5689		-0.9421	1.2764		0.1090	1.2567	0.2586	1.4583
EPT_{Long5}	0.5560	0.5920		0.2026	0.0737		0.4417	1.2434	0.7860	1.5652
RPT_{Long5}	-1.5814	3.3577	*	-0.8339	0.9161		0.0669	1.1954	0.3385	1.3572
Audit Partner-Specific Variables										
EP_{Exp}	-0.0854	3.2166	*	0.0612	0.8874		0.0729	1.2649	0.3462	1.3046
RP_{Exp}	-0.0491	2.2848		-0.0379	0.7679		0.1306	1.1414	0.3809	1.1142
$EP_{Ability}$	1.3460	3.8806	**	0.3924	0.2012		0.0488	1.1090	0.6537	1.2744
$RP_{Ability}$	1.4891	5.5960	**	0.6670	0.9223		0.0180	1.2366	0.3369	1.4698
Gender	0.0760	0.0135		0.0077	0.0001		0.9074	1.1873	0.9910	1.3074
Audit Firm-Specific Variables										
Big4	0.2337	0.0852		0.2217	0.0758		0.7703	2.1757	0.7831	2.4246
IndExp	2.2450	4.8102	**	1.7043	2.5879		0.0283	1.4115	0.1077	1.7533
Office	-0.0448	0.0981		0.1264	0.7287		0.7541	2.4589	0.3933	2.8684
Client-Specific Variables										
Age	-0.1420	0.3374		-0.0283	0.0106		0.5613	1.1648	0.9181	1.3072
Size	0.6340	8.8370	***	0.4023	3.3703	*	0.0030	2.4620	0.0664	2.3105
OCF	-4.1037	4.1504	**	1.2094	0.1417		0.0416	1.6360	0.7066	1.4895
Lev	-4.3650	6.6837	***	-3.0928	3.6930	*	0.0097	4.0708	0.0546	3.2430
pBank	0.7988	14.8486	***	0.6829	11.6650	***	0.0001	4.7852	0.0006	3.8668
MB	0.1098	0.6934		0.0947	0.8559		0.4050	1.1396	0.3549	1.2690
AC	0.3381	0.1655		0.7010	0.8345		0.6841	1.4928	0.3610	1.6215
Lag	1.7557	8.2980	***	1.6580	4.6216	**	0.0040	1.4790	0.0316	1.6943
Busy	-1.2645	3.7873	*	-0.7826	0.9525		0.0516	1.1853	0.3291	1.2153
Intercept	-12.0987	8.3498	***	-13.5069	7.2248	***	0.0039	-	0.0072	-
Nagelkerke R^2	0.5073			0.4160						
Number of Obs.	277			151						

Appendix 54: GCO Joint Analysis: *GCO* on FT_{Long9}, EPT_{Long5} and RPT_{Long5}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long9}	-1.2438	1.6873		-1.6228	2.7222	*	0.1940	1.2448	0.0990	1.5369
EPT_{Long5}	0.5960	0.6782		0.2846	0.1385		0.4102	1.2516	0.7098	1.5649
RPT_{Long5}	-1.5656	3.2858	*	-0.8244	0.7779		0.0699	1.1927	0.3778	1.3610
Audit Partner-Specific Variables										
EP_{Exp}	-0.0667	1.8749		0.0776	1.2748		0.1709	1.2470	0.2589	1.2894
RP_{Exp}	-0.0548	2.6699		-0.0390	0.8647		0.1023	1.1420	0.3524	1.1058
$EP_{Ability}$	1.3588	3.9183	**	0.2257	0.0657		0.0478	1.1075	0.7976	1.2941
$RP_{Ability}$	1.4467	5.2704	**	0.6869	0.9231		0.0217	1.2379	0.3367	1.4527
Gender	0.0892	0.0185		-0.0041	0.0000		0.8917	1.1877	0.9951	1.3049
Audit Firm-Specific Variables										
Big4	0.2387	0.0973		0.1357	0.0263		0.7551	2.1671	0.8711	2.4234
IndExp	2.1606	4.7615	**	1.7732	2.8951	*	0.0291	1.4093	0.0888	1.7531
Office	-0.0517	0.1262		0.1378	0.8661		0.7224	2.4585	0.3520	2.8656
Client-Specific Variables										
Age	-0.1791	0.5113		0.0028	0.0001		0.4746	1.1404	0.9921	1.3029
Size	0.6653	9.0560	***	0.4784	4.0225	**	0.0026	2.4608	0.0449	2.3381
OCF	-4.1945	4.1419	**	1.2445	0.1418		0.0418	1.6333	0.7065	1.4806
Lev	-3.7837	5.1479	**	-3.2679	4.3083	**	0.0233	3.9775	0.0379	3.1475
pBank	0.7276	12.6269	***	0.7187	11.4892	***	0.0004	4.7043	0.0007	3.8091
MB	0.1031	0.6036		0.0986	0.8779		0.4372	1.1413	0.3488	1.2637
AC	0.2524	0.1016		0.7320	0.8504		0.7499	1.4958	0.3564	1.6273
Lag	1.8749	9.8052	***	1.7440	4.6893	**	0.0017	1.4734	0.0304	1.6919
Busy	-1.2438	3.7036	*	-0.7536	0.8469		0.0543	1.1848	0.3574	1.2156
Intercept	-13.2497	10.3214	***	-15.0776	7.8108	***	0.0013	-	0.0052	-
Nagelkerke R^2	0.5010			0.4273						
Number of Obs.	277			151						

Appendix 55: GCO Joint Analysis: *GCO* on FT_{Long10}, EPT_{Long5} and RPT_{Long5}

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long10}	-2.3803	7.3195	***	-2.5318	6.9846	***	0.0068	1.2567	0.0082	1.5012
EPT_{Long5}	0.6816	0.8848		0.3405	0.1737		0.3469	1.2499	0.6769	1.5961
RPT_{Long5}	-1.7247	3.4370	*	-1.1038	1.2724		0.0638	1.1877	0.2593	1.3447
Audit Partner-Specific Variables										
EP_{Exp}	-0.0587	1.4881		0.0848	1.6083		0.2225	1.2492	0.2047	1.2956
RP_{Exp}	-0.0579	2.7792	*	-0.0409	0.9693		0.0955	1.1411	0.3249	1.0983
$EP_{Ability}$	1.3406	3.8207	*	0.2727	0.0955		0.0506	1.1147	0.7573	1.2754
$RP_{Ability}$	1.4540	5.2433	**	0.6573	0.8830		0.0220	1.2298	0.3474	1.4481
Gender	0.0945	0.0206		0.0359	0.0030		0.8860	1.1877	0.9563	1.3046
Audit Firm-Specific Variables										
Big4	0.2169	0.0811		0.0737	0.0079		0.7758	2.1663	0.9292	2.4241
IndExp	2.1125	4.5742	**	1.5838	2.4946		0.0325	1.4140	0.1142	1.7811
Office	-0.0833	0.3322		0.0973	0.4122		0.5644	2.4597	0.5208	2.8913
Client-Specific Variables										
Age	-0.1460	0.3275		0.0488	0.0316		0.5671	1.1208	0.8589	1.3319
Size	0.7467	10.2568	***	0.5537	4.7248	**	0.0014	2.5100	0.0297	2.3853
OCF	-4.1007	3.6504	*	1.2267	0.1389		0.0561	1.6364	0.7094	1.4734
Lev	-4.3207	6.2315	**	-3.6691	4.9920	**	0.0125	4.0383	0.0255	3.1733
pBank	0.8081	12.3062	***	0.7757	11.1989	***	0.0005	4.7657	0.0008	3.8307
MB	0.1040	0.5634		0.0969	0.8782		0.4529	1.1422	0.3487	1.2608
AC	0.3835	0.2459		0.8211	1.3059		0.6200	1.5200	0.2531	1.6469
Lag	1.9610	10.3603	***	1.8299	6.1894	**	0.0013	1.4483	0.0129	1.6837
Busy	-1.2400	3.3667	*	-0.7866	0.8679		0.0665	1.1841	0.3515	1.2145
Intercept	-14.0023	10.7284	***	-15.6422	9.7635	***	0.0011	-	0.0018	-
Nagelkerke R^2		0.5136			0.4378					
Number of Obs.		277			151					

Appendix 56: GCO Joint Sensitivity Analysis: *GCO* on *FT*, *EPT* and *RPT* (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT	-0.3471	4.0704	**	-0.1869	0.8316		0.0436	1.7980	0.3618	2.0168
EPT	-0.0782	0.0337		0.2618	0.3626		0.8544	1.7065	0.5470	2.5916
RPT	0.4293	1.0987		-0.1868	0.3134		0.2946	1.8654	0.5756	2.4997
Audit Partner-Specific Variables										
EP_{Exp}	-0.7641	5.8799	**	-0.1704	1.6955		0.0153	1.2703	0.1929	1.5496
RP_{Exp}	-0.0725	1.2607		0.0010	0.0002		0.2615	1.2775	0.9880	1.1732
$EP_{Ability}$	-0.3088	0.0480		-0.6817	0.2041		0.8265	1.1821	0.6514	1.3921
$RP_{Ability}$	3.1458	4.9014	**	1.0781	0.7389		0.0268	1.3721	0.3900	1.7861
Gender	-2.1410	2.6702		-0.6648	0.2892		0.1022	1.2996	0.5907	1.5691
Audit Firm-Specific Variables										
Big4	2.0036	1.0768		-0.1903	0.0189		0.2994	2.3419	0.8906	2.6586
IndExp	4.0874	6.6710	***	1.8989	0.9378		0.0098	1.6249	0.3328	2.2768
Office	-0.1237	0.2058		0.1320	0.3408		0.6501	2.7736	0.5594	2.9521
Client-Specific Variables										
Age	0.1858	0.2250		0.0989	0.0436		0.6353	1.2627	0.8346	1.4291
Size	1.5555	4.8525	**	0.4590	2.4772		0.0276	3.0167	0.1155	2.8458
OCF	-11.2746	4.5012	**	-0.9187	0.0849		0.0339	1.9127	0.7708	1.6801
Lev	-10.8202	6.7628	***	-5.9489	4.2440	**	0.0093	4.0067	0.0394	3.2879
pBank	1.71646	9.96936	***	0.88158	5.49678	**	0.00159	4.79932	0.01905	3.89490
MB	0.6887	7.4604	***	0.2670	3.5848	*	0.0063	1.2516	0.0583	1.3724
AC	1.8209	2.3529		2.3682	2.2034		0.1251	1.6906	0.1377	1.7893
Lag	3.4086	3.3179	*	2.0602	2.1170		0.0685	1.6385	0.1457	2.1732
Busy	-0.6223	0.2880		0.8284	0.3795		0.5915	1.2692	0.5378	1.4588
Intercept	-25.3319	4.6349	**	-15.3180	2.8900	*	0.0313	-	0.0891	-
Nagelkerke R^2	0.6498			0.4828						
Number of Obs.	154			87						

Appendix 57: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short}, EPT_{Short} and RPT_{Short} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short}	2.2645	2.1665		0.2452	0.0291		0.1410	2.1877	0.8647	2.5526
EPT_{Short}	-0.1349	0.0082		-0.1265	0.0094		0.9279	2.0584	0.9226	2.5821
RPT_{Short}	-1.0397	0.8396		1.3902	1.6879		0.3595	1.9079	0.1939	2.9843
Audit Partner-Specific Variables										
EP_{Exp}	-0.7134	5.2237	**	-0.1129	0.8812		0.0223	1.2951	0.3479	1.6372
RP_{Exp}	-0.0912	1.7370		-0.0308	0.2127		0.1875	1.2477	0.6446	1.1756
$EP_{Ability}$	0.4865	0.1548		-0.5190	0.1426		0.6940	1.2017	0.7057	1.3756
$RP_{Ability}$	3.0298	4.1567	**	1.0508	0.7592		0.0415	1.3061	0.3836	1.7927
Gender	-2.0540	2.2042		-0.3867	0.1004		0.1376	1.2884	0.7513	1.5382
Audit Firm-Specific Variables										
Big4	1.8661	0.8688		-0.1915	0.0203		0.3513	2.3421	0.8868	2.6073
IndExp	4.0999	6.5569	**	2.5822	2.1687		0.0104	1.5939	0.1408	2.1926
Office	-0.1305	0.2199		0.1401	0.3733		0.6391	2.7579	0.5412	2.8352
Client-Specific Variables										
Age	0.2317	0.2974		0.1398	0.0804		0.5855	1.2251	0.7768	1.3640
Size	1.5435	5.3104	**	0.4600	2.4667		0.0212	3.0015	0.1163	2.7823
OCF	-11.9542	4.8573	**	-1.3723	0.1251		0.0275	1.8454	0.7236	1.6948
Lev	-10.5950	6.6246	**	-5.1532	3.8157	*	0.0101	4.0057	0.0508	3.2926
pBank	1.5979	9.1938	***	0.7208	3.9403	**	0.0024	4.7623	0.0471	4.1668
MB	0.6987	8.1460	***	0.2897	4.0827	**	0.0043	1.2420	0.0433	1.3690
AC	1.8003	2.1615		2.3635	3.2087	*	0.1415	1.6912	0.0732	1.7454
Lag	3.7702	5.0092	**	2.4937	3.5678	*	0.0252	1.5879	0.0589	2.1493
Busy	-0.3370	0.0872		1.0493	0.5946		0.7678	1.2427	0.4407	1.5336
Intercept	-28.0044	6.8421	***	-19.7264	5.9108	**	0.0089	-	0.0150	-
Nagelkerke R^2	0.6451			0.4881						
Number of Obs.	154			87						

Appendix 58: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long}, EPT_{Long} and RPT_{Long} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long}	-13.7759	21.5118	***	-11.9980	115.0176	***	0.0000	1.2791	0.0000	1.3822
EPT_{Long}	-0.5946	0.0953		-0.4981	0.0712		0.7575	1.4130	0.7896	2.0597
RPT_{Long}	3.5404	3.5892	*	1.6842	0.7164		0.0582	1.4072	0.3973	2.0042
Audit Partner-Specific Variables										
EP_{Exp}	-0.7193	5.6641	**	-0.2270	2.3084		0.0173	1.2421	0.1287	1.3898
RP_{Exp}	-0.1094	1.9741		-0.0004	0.0000		0.1600	1.1973	0.9956	1.1732
$EP_{Ability}$	-1.4120	0.4080		-1.2890	0.6429		0.5230	1.1651	0.4227	1.4572
$RP_{Ability}$	2.9507	3.5444	*	1.3133	0.8770		0.0597	1.2990	0.3490	1.8291
Gender	-1.1707	1.6082		-0.7443	0.3523		0.2047	1.3342	0.5528	1.5270
Audit Firm-Specific Variables										
Big4	3.2001	1.5413		0.1794	0.0164		0.2144	2.3376	0.8982	2.5567
IndExp	4.6673	3.9239	**	1.9359	1.2389		0.0476	1.6014	0.2657	2.2458
Office	-0.1774	0.2023		0.1695	0.5014		0.6528	2.8420	0.4789	2.9362
Client-Specific Variables										
Age	0.2276	0.1470		0.0416	0.0080		0.7014	1.2342	0.9287	1.3513
Size	1.6144	2.2259		0.2557	0.5012		0.1357	3.0814	0.4790	2.9111
OCF	-11.6821	3.1225	*	-1.5222	0.1683		0.0772	1.8659	0.6816	1.6889
Lev	-11.0816	5.3180	**	-5.6634	3.8515	**	0.0211	3.8457	0.0497	3.3281
pBank	1.7874	6.8132	***	0.8141	4.7997	**	0.0090	4.7278	0.0285	3.8187
MB	0.7656	6.7329	***	0.2724	3.8295	*	0.0095	1.2472	0.0504	1.3797
AC	2.7726	3.4566	*	2.2911	2.5550		0.0630	1.7155	0.1099	1.7983
Lag	4.4814	2.8922	*	1.8429	1.4326		0.0890	1.5544	0.2313	2.0380
Busy	-1.2379	0.8133		0.3799	0.0738		0.3671	1.2867	0.7858	1.4249
Intercept	-32.0108	3.3379	*	-12.8142	1.7350		0.0677	-	0.1878	-
Nagelkerke R^2		0.6813			0.4935					
Number of Obs.		154			87					

Appendix 59: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short2}	1.1201	0.5788		1.3917	0.3702		0.4468	2.6259	0.5429	2.4787
EPT_{Short2}	-0.6186	0.2792		-0.9878	0.2210		0.5972	2.4999	0.6383	2.7777
RPT_{Short2}	0.0690	0.0030		0.0634	0.0023		0.9564	2.2210	0.9615	2.4920
Audit Partner-Specific Variables										
EP_{Exp}	-0.5891	4.6008	**	-0.2015	2.0396		0.0320	1.2328	0.1532	1.5146
RP_{Exp}	-0.0720	1.3802		0.0025	0.0012		0.2401	1.2764	0.9722	1.1689
$EP_{Ability}$	-0.2362	0.0244		-0.5488	0.1520		0.8759	1.1967	0.6967	1.4618
$RP_{Ability}$	2.7479	3.3999	*	1.2357	0.8979		0.0652	1.3219	0.3434	1.7824
Gender	-1.1300	1.4590		-0.6140	0.2344		0.2271	1.2673	0.6283	1.5233
Audit Firm-Specific Variables										
Big4	1.8809	1.1002		0.0671	0.0026		0.2942	2.3851	0.9593	2.6351
IndExp	3.6965	5.3872	**	2.1828	1.6750		0.0203	1.6117	0.1956	2.3219
Office	-0.1290	0.3713		0.1507	0.4666		0.5423	2.8044	0.4945	2.8804
Client-Specific Variables										
Age	0.1470	0.1323		0.0614	0.0171		0.7160	1.1932	0.8960	1.3274
Size	1.3177	4.8238	**	0.4037	1.6132		0.0281	2.9884	0.2040	2.7699
OCF	-10.5086	4.0235	**	-1.7349	0.2154		0.0449	1.8824	0.6425	1.7494
Lev	-8.8651	6.0600	**	-5.9516	4.3704	**	0.0138	4.1050	0.0366	3.2628
pBank	1.3659	10.5441	***	0.8568	5.9527	**	0.0012	4.8611	0.0147	3.7642
MB	0.5501	10.6806	***	0.2842	3.8294	*	0.0011	1.2497	0.0504	1.3852
AC	2.0868	3.4625	*	2.2031	2.9359	*	0.0628	1.6692	0.0866	1.7119
Lag	3.6171	4.0090	**	2.2844	2.6841		0.0453	1.5614	0.1014	1.9982
Busy	-0.4834	0.2255		0.6448	0.2439		0.6349	1.2417	0.6214	1.3971
Intercept	-25.8164	5.0488	**	-16.6271	3.6720	*	0.0246	-	0.0553	-
Nagelkerke R^2	0.6220			0.4688						
Number of Obs.	154			87						

Appendix 60: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long7}	-0.3571	0.1527		-0.0657	0.0047		0.6960	1.4981	0.9455	1.5503
EPT_{Long5}	-1.0701	0.5277		0.2012	0.0326		0.4676	1.4631	0.8566	1.7933
RPT_{Long5}	-0.8720	0.4652		-0.8858	0.9630		0.4952	1.4135	0.3264	1.6762
Audit Partner-Specific Variables										
EP_{Exp}	-0.4868	4.7971	**	-0.1317	1.4897		0.0285	1.2959	0.2223	1.4126
RP_{Exp}	-0.0997	2.2192		-0.0029	0.0018		0.1363	1.2237	0.9661	1.1694
$EP_{Ability}$	0.3196	0.0607		-0.6449	0.1617		0.8055	1.2031	0.6876	1.3991
$RP_{Ability}$	2.4283	2.7165	*	0.9479	0.6167		0.0993	1.4224	0.4323	1.7776
Gender	-0.9102	0.8477		-0.4280	0.1272		0.3572	1.2639	0.7214	1.4356
Audit Firm-Specific Variables										
Big4	1.5593	0.8825		-0.1522	0.0106		0.3475	2.3461	0.9179	2.6891
IndExp	4.0583	8.2635	***	2.0568	1.3518		0.0040	1.6113	0.2450	2.2059
Office	-0.1304	0.2633		0.1688	0.4545		0.6078	2.7747	0.5002	2.9288
Client-Specific Variables										
Age	0.1673	0.1817		-0.0017	0.0000		0.6699	1.2661	0.9971	1.3840
Size	1.2957	4.2279	**	0.3845	1.8375		0.0398	3.0512	0.1752	2.7394
OCF	-10.1843	4.8417	**	-0.8504	0.0629		0.0278	1.9202	0.8020	1.7247
Lev	-8.3343	4.9449	**	-5.3860	4.3079	**	0.0262	3.9590	0.0379	3.2424
pBank	1.2349	8.4510	***	0.7671	5.3199	**	0.0036	4.7763	0.0211	3.8232
MB	0.6032	7.8730	***	0.2753	4.2885	**	0.0050	1.2661	0.0384	1.3822
AC	2.0161	2.7150	*	2.1508	2.3786		0.0994	1.6785	0.1230	1.7322
Lag	3.4187	3.2810	*	2.2031	2.5341		0.0701	1.6808	0.1114	2.1365
Busy	-0.6530	0.4498		0.8228	0.3144		0.5024	1.2659	0.5750	1.4272
Intercept	-24.8198	3.9857	**	-16.4745	3.3356	*	0.0459	-	0.0678	-
Nagelkerke R^2	0.6372			0.4673						
Number of Obs.	154			87						

Appendix 61: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long8}	-1.1838	1.1780		-0.9173	0.6541		0.2778	1.4422	0.4187	1.6156
EPT_{Long5}	-1.2020	0.5832		0.2657	0.0577		0.4451	1.4645	0.8101	1.7870
RPT_{Long5}	-0.7076	0.3375		-0.6811	0.5723		0.5613	1.3740	0.4493	1.6524
Audit Partner-Specific Variables										
EP_{Exp}	-0.5527	5.2570	**	-0.1503	1.9129		0.0219	1.2813	0.1666	1.4138
RP_{Exp}	-0.1036	2.3120		0.0037	0.0031		0.1284	1.2184	0.9556	1.1817
$EP_{Ability}$	0.1184	0.0078		-0.8218	0.2387		0.9298	1.1665	0.6251	1.4104
$RP_{Ability}$	2.3611	2.5600		1.0880	0.8328		0.1096	1.3822	0.3615	1.7860
Gender	-1.2709	1.3171		-0.5706	0.2505		0.2511	1.2642	0.6167	1.4297
Audit Firm-Specific Variables										
Big4	1.6544	0.8780		-0.1592	0.0123		0.3488	2.3283	0.9116	2.6678
IndExp	4.3957	8.2089	***	2.0279	1.1651		0.0042	1.5947	0.2804	2.1762
Office	-0.1039	0.1477		0.1690	0.4910		0.7007	2.7750	0.4835	2.9272
Client-Specific Variables										
Age	0.2173	0.2948		0.0885	0.0345		0.5871	1.2891	0.8527	1.4059
Size	1.3575	3.5608	*	0.3807	1.8903		0.0592	3.0602	0.1692	2.7272
OCF	-9.8577	4.3169	**	-0.4077	0.0162		0.0377	1.9405	0.8986	1.7354
Lev	-9.6421	4.0709	**	-5.7706	4.8293	**	0.0436	3.9879	0.0280	3.2370
pBank	1.4354	6.6744	***	0.8492	5.8149	**	0.0098	4.8106	0.0159	3.8409
MB	0.6474	6.2045	**	0.2611	3.5744	*	0.0127	1.2694	0.0587	1.3982
AC	1.9930	2.7148	*	2.2183	2.1926		0.0994	1.6870	0.1387	1.7506
Lag	3.3331	3.2946	*	1.9759	2.1368		0.0695	1.6906	0.1438	2.1006
Busy	-0.7960	0.6194		0.6689	0.2481		0.4313	1.2794	0.6184	1.4384
Intercept	-24.5838	4.1180	**	-15.1133	3.1119	*	0.0424	-	0.0777	-
Nagelkerke R^2	0.6456			0.4792						
Number of Obs.	154			87						

Appendix 62: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long9}	-2.1423	3.3172	*	-1.9097	1.2730		0.0686	1.4878	0.2592	1.8859
EPT_{Long5}	-1.4075	0.6346		0.3043	0.0671		0.4257	1.4819	0.7956	1.7797
RPT_{Long5}	-0.2008	0.0288		-0.4322	0.2041		0.8654	1.3677	0.6514	1.6727
Audit Partner-Specific Variables										
EP_{Exp}	-0.6263	4.0182	**	-0.1493	1.4877		0.0450	1.2709	0.2226	1.4178
RP_{Exp}	-0.0922	1.6374		0.0006	0.0001		0.2007	1.2147	0.9928	1.1619
$EP_{Ability}$	-0.4132	0.0620		-1.0862	0.4927		0.8034	1.1637	0.4827	1.4324
$RP_{Ability}$	2.6099	2.7067	*	1.2244	0.9308		0.0999	1.3855	0.3347	1.7961
Gender	-1.6281	1.3116		-0.8331	0.3884		0.2521	1.2636	0.5331	1.4561
Audit Firm-Specific Variables										
Big4	1.6577	0.6589		-0.3965	0.0748		0.4169	2.3390	0.7844	2.6793
IndExp	4.6543	6.6760	***	2.0515	0.8888		0.0098	1.6072	0.3458	2.1782
Office	-0.0808	0.0686		0.1917	0.6743		0.7933	2.7744	0.4116	2.9312
Client-Specific Variables										
Age	0.2379	0.2849		0.1302	0.0660		0.5935	1.2855	0.7972	1.3856
Size	1.4861	2.9923	*	0.4425	2.1773		0.0837	3.0591	0.1401	2.7254
OCF	-10.0118	3.2870	*	0.0543	0.0003		0.0698	1.9546	0.9871	1.7344
Lev	-10.7249	3.7118	*	-5.8048	5.4861	**	0.0540	3.9299	0.0192	3.2232
pBank	1.6294	5.6081	**	0.9224	6.8275	***	0.0179	4.7638	0.0090	3.8119
MB	0.7034	5.0839	**	0.2609	3.0776	*	0.0241	1.2697	0.0794	1.3826
AC	2.1009	2.6578		2.2244	2.0254		0.1030	1.6791	0.1547	1.7485
Lag	3.5223	2.6090		1.7866	1.5691		0.1063	1.6665	0.2103	2.1181
Busy	-0.8652	0.7264		0.6300	0.2175		0.3941	1.2785	0.6410	1.4604
Intercept	-26.6471	3.5123	*	-14.9818	3.0717	*	0.0609	-	0.0797	-
Nagelkerke R^2	0.6558			0.4992						
Number of Obs.	154			87						

Appendix 63: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (*Less FT/EPT/RPT = 1*)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long10}	-3.5738	3.6667	*	-4.4306	4.5155	**	0.0555	1.4337	0.0336	1.9892
EPT_{Long5}	-0.5715	0.1406		0.8622	0.5027		0.7076	1.4928	0.4783	1.8920
RPT_{Long5}	-0.9839	0.6774		-1.3390	1.7746		0.4105	1.3401	0.1828	1.6393
Audit Partner-Specific Variables										
EP_{Exp}	-0.5182	4.9048	**	-0.1088	0.6876		0.0268	1.2611	0.4070	1.4516
RP_{Exp}	-0.0933	1.9527		0.0052	0.0048		0.1623	1.2088	0.9450	1.1535
$EP_{Ability}$	-0.4738	0.0806		-1.1340	0.4469		0.7765	1.1708	0.5038	1.4166
$RP_{Ability}$	2.4237	2.8073	*	1.2105	1.0826		0.0938	1.3302	0.2981	1.7718
Gender	-1.3313	1.3518		-0.8706	0.4119		0.2450	1.2661	0.5210	1.4492
Audit Firm-Specific Variables										
Big4	1.1595	0.3990		-1.1349	0.6362		0.5276	2.3313	0.4251	2.7605
IndExp	3.8533	5.7439	**	1.3480	0.5661		0.0165	1.6390	0.4518	2.2959
Office	-0.1365	0.1991		0.1257	0.2573		0.6555	2.7782	0.6120	2.9512
Client-Specific Variables										
Age	0.2024	0.1830		0.2260	0.2702		0.6688	1.2245	0.6032	1.3943
Size	1.6227	3.2732	*	0.7015	4.5003	**	0.0704	3.0572	0.0339	2.8311
OCF	-9.0177	3.0247	*	1.0821	0.1104		0.0820	1.9685	0.7397	1.7401
Lev	-11.4078	3.7920	*	-7.5099	7.0811	***	0.0515	4.0268	0.0078	3.2438
pBank	1.6847	5.3151	**	1.1566	7.9337	***	0.0211	4.8555	0.0049	3.9221
MB	0.6563	5.4307	**	0.2622	3.1212	*	0.0198	1.2667	0.0773	1.3781
AC	2.5960	3.5423	*	2.7431	3.1805	*	0.0598	1.7287	0.0745	1.8290
Lag	3.9765	2.7718	*	2.2682	2.6751		0.0959	1.5726	0.1019	2.0045
Busy	-0.5370	0.3427		0.8646	0.3915		0.5583	1.2629	0.5315	1.4397
Intercept	-29.6330	3.3234	*	-18.6107	4.7396	**	0.0683	-	0.0295	-
Nagelkerke R^2	0.6643			0.5279						
Number of Obs.	154			87						

Appendix 64: GCO Joint Sensitivity Analysis: *GCO* on *FT*, *EPT* and *RPT* (*Less Freq*$_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT	-0.1790	2.6429		-0.1263	1.0060		0.1040	1.4950	0.3159	1.7731
EPT	0.3243	2.6032		0.2417	0.8047		0.1066	1.3697	0.3697	1.9828
RPT	-0.1346	0.5394		-0.1255	0.4107		0.4627	1.4177	0.5216	1.6597
Audit Partner-Specific Variables										
EP_{Exp}	-0.0956	3.0031	*	0.0566	0.4999		0.0831	1.3272	0.4795	1.3852
RP_{Exp}	-0.0355	0.8847		-0.0293	0.3625		0.3469	1.2009	0.5471	1.1875
$EP_{Ability}$	0.9088	1.2938		-0.0291	0.0008		0.2554	1.1013	0.9771	1.2713
$RP_{Ability}$	1.3599	3.9561	**	0.3188	0.1277		0.0467	1.2883	0.7208	1.5875
Gender	0.1573	0.0414		0.3384	0.2244		0.8388	1.2509	0.6357	1.5432
Audit Firm-Specific Variables										
Big4	0.1188	0.0175		-0.1356	0.0174		0.8946	2.3028	0.8950	2.4774
IndExp	2.4532	4.7982	**	2.6349	4.6116	**	0.0285	1.4258	0.0318	1.8149
Office	0.0362	0.0429		0.2918	2.0772		0.8359	2.4502	0.1495	2.8510
Client-Specific Variables										
Age	-0.2240	0.6274		-0.0822	0.0808		0.4283	1.1581	0.7762	1.2301
Size	0.5509	6.2841	**	0.2188	0.8314		0.0122	2.4473	0.3619	2.4995
OCF	-4.5845	3.6128	*	3.3884	0.5002		0.0573	1.5166	0.4794	1.4662
Lev	-3.9968	4.4659	**	-3.1880	2.3334		0.0346	4.2430	0.1266	3.2396
pBank	0.73550	10.36168	***	0.72011	8.06441	***	0.00129	4.82992	0.00451	4.14265
MB	0.0456	0.1228		0.0280	0.0673		0.7260	1.1486	0.7953	1.2302
AC	0.6052	0.5028		1.5297	1.8667		0.4783	1.6468	0.1719	1.8983
Lag	1.9020	9.8334	***	1.7725	4.1062	**	0.0017	1.4277	0.0427	1.7302
Busy	-1.2614	3.2300	*	-0.8153	0.7696		0.0723	1.1843	0.3804	1.2544
Intercept	-13.1352	9.7731	***	-14.3968	5.4519	**	0.0018	-	0.0195	-
Nagelkerke R^2		0.4828			0.4435					
Number of Obs.		237			129					

Appendix 65: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short}, EPT_{Short} and RPT_{Short} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short}	0.8267	1.0580		0.1698	0.0337		0.3037	1.6468	0.8544	1.9823
EPT_{Short}	-0.8395	1.2281		-0.3428	0.1117		0.2678	1.5773	0.7382	2.1812
RPT_{Short}	0.5438	0.6994		0.7947	0.9712		0.4030	1.5333	0.3244	2.0576
Audit Partner-Specific Variables										
EP_{Exp}	-0.0813	2.4838		0.0845	1.1178		0.1150	1.3485	0.2904	1.4588
RP_{Exp}	-0.0483	2.1389		-0.0321	0.4181		0.1436	1.1990	0.5179	1.1950
$EP_{Ability}$	1.1761	2.3019		0.1729	0.0379		0.1292	1.0962	0.8456	1.2193
$RP_{Ability}$	1.2593	3.3388	*	0.3307	0.1258		0.0677	1.2734	0.7228	1.5918
Gender	0.1180	0.0274		0.2256	0.1058		0.8686	1.2370	0.7450	1.4784
Audit Firm-Specific Variables										
Big4	-0.0095	0.0001		-0.1712	0.0288		0.9913	2.3178	0.8652	2.5192
IndExp	2.5530	5.8491	**	2.8070	5.6839	**	0.0156	1.4129	0.0171	1.8022
Office	0.0624	0.1201		0.3024	2.3435		0.7290	2.4508	0.1258	2.8349
Client-Specific Variables										
Age	-0.2298	0.7962		-0.0562	0.0422		0.3722	1.1256	0.8372	1.2095
Size	0.5253	5.0138	**	0.2123	0.7592		0.0251	2.4221	0.3836	2.4953
OCF	-5.2186	4.0964	**	2.9421	0.3462		0.0430	1.4896	0.5563	1.4632
Lev	-3.1206	3.0229	*	-2.3063	1.1452		0.0821	4.1504	0.2846	3.1476
pBank	0.6326	8.7892	***	0.6265	5.7653	**	0.0030	4.7369	0.0163	4.2383
MB	0.0480	0.1411		0.0471	0.1863		0.7072	1.1453	0.6660	1.2247
AC	0.4445	0.3154		1.3943	2.1739		0.5744	1.6533	0.1404	1.8403
Lag	1.9485	10.1134	***	1.8468	4.7632	**	0.0015	1.4224	0.0291	1.7808
Busy	-1.1706	2.5521		-0.7718	0.7149		0.1101	1.1945	0.3978	1.3121
Intercept	-14.0559	8.4398	***	-15.9789	6.9172	***	0.0037	-	0.0085	-
Nagelkerke R^2		0.4718			0.4349					
Number of Obs.		237			129					

Appendix 66: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long}, EPT_{Long} and RPT_{Long} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long}	-2.5199	7.6590	***	-1.6188	2.7661	*	0.0056	1.2595	0.0963	1.2585
EPT_{Long}	1.0535	2.2182		0.8358	0.4345		0.1364	1.1463	0.5098	1.5306
RPT_{Long}	0.5033	0.4054		0.3817	0.1142		0.5243	1.1735	0.7355	1.4831
Audit Partner-Specific Variables										
EP_{Exp}	-0.0507	0.9026		0.0605	0.7429		0.3421	1.3014	0.3887	1.2690
RP_{Exp}	-0.0544	2.1737		-0.0280	0.3751		0.1404	1.1778	0.5402	1.1462
$EP_{Ability}$	0.6904	0.7956		-0.2635	0.0703		0.3724	1.0992	0.7908	1.3051
$RP_{Ability}$	1.3183	3.3208	*	0.4452	0.2330		0.0684	1.2771	0.6293	1.5709
Gender	0.4044	0.3489		0.4405	0.3516		0.5547	1.2795	0.5532	1.5441
Audit Firm-Specific Variables										
Big4	0.4579	0.2505		0.0618	0.0040		0.6168	2.2816	0.9493	2.4589
IndExp	2.5186	5.6505	**	2.6028	4.9943	**	0.0175	1.4166	0.0254	1.8091
Office	0.0144	0.0076		0.2647	1.8018		0.9306	2.4716	0.1795	2.9057
Client-Specific Variables										
Age	-0.1651	0.4064		-0.0842	0.0892		0.5238	1.1192	0.7652	1.2434
Size	0.5197	5.2879	**	0.2029	0.6686		0.0215	2.4515	0.4135	2.5082
OCF	-3.8504	2.9484	*	3.7129	0.6032		0.0860	1.5032	0.4374	1.4832
Lev	-3.1921	3.5444	*	-2.8764	2.8057	*	0.0597	4.0080	0.0939	2.9436
pBank	0.6861	10.3682	***	0.7082	9.3829	***	0.0013	4.6613	0.0022	3.6997
MB	0.0264	0.0425		0.0220	0.0436		0.8367	1.1489	0.8347	1.2365
AC	0.5420	0.4747		1.3103	1.8629		0.4908	1.6712	0.1723	1.7722
Lag	1.9955	12.7140	***	1.8825	4.3444	**	0.0004	1.4140	0.0371	1.6587
Busy	-1.3575	3.4624	*	-0.9392	1.0842		0.0628	1.2059	0.2978	1.2437
Intercept	-13.8460	10.8833	***	-14.5714	5.7972	**	0.0010	-	0.0161	-
Nagelkerke R^2	0.4793			0.4419						
Number of Obs.	237			129						

Appendix 67: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (*Less* $Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short2}	0.8243	1.0029		0.7592	0.5334		0.3166	1.7019	0.4652	1.9180
EPT_{Short2}	-1.1078	1.5644		-0.5962	0.3243		0.2110	1.6114	0.5690	1.9971
RPT_{Short2}	0.1223	0.0296		0.1682	0.0474		0.8634	1.6718	0.8276	1.7391
Audit Partner-Specific Variables										
EP_{Exp}	-0.1123	3.8024	*	0.0517	0.3939		0.0512	1.2936	0.5303	1.4216
RP_{Exp}	-0.0509	2.0026		-0.0335	0.4871		0.1570	1.2037	0.4852	1.1955
$EP_{Ability}$	0.9945	1.3602		0.2494	0.0743		0.2435	1.1017	0.7851	1.2493
$RP_{Ability}$	1.2140	2.7065	*	0.2913	0.1041		0.0999	1.2894	0.7470	1.6035
Gender	0.1945	0.0770		0.3110	0.1680		0.7815	1.2414	0.6819	1.5084
Audit Firm-Specific Variables										
Big4	0.0237	0.0007		-0.2626	0.0643		0.9788	2.2803	0.7999	2.4713
IndExp	2.4430	5.3668	**	2.6889	5.2887	**	0.0205	1.4026	0.0215	1.8192
Office	0.0423	0.0551		0.3076	2.3783		0.8145	2.4351	0.1230	2.9137
Client-Specific Variables										
Age	-0.2480	0.8769		-0.0770	0.0875		0.3491	1.1177	0.7674	1.1773
Size	0.5180	5.1255	**	0.2046	0.7404		0.0236	2.3897	0.3895	2.5292
OCF	-4.6649	3.7813	*	3.0367	0.3280		0.0518	1.4924	0.5668	1.4922
Lev	-3.0714	3.1310	*	-2.8144	2.0161		0.0768	4.0926	0.1556	3.0237
pBank	0.6644	10.4150	***	0.6859	8.9967	***	0.0012	4.6863	0.0027	3.8231
MB	0.0392	0.0957		0.0384	0.1036		0.7571	1.1425	0.7476	1.2185
AC	0.3465	0.2349		1.3019	1.8851		0.6279	1.6247	0.1698	1.7949
Lag	1.8702	11.8729	***	1.7311	4.1760	**	0.0006	1.4182	0.0410	1.6656
Busy	-1.2359	3.1607	*	-0.8354	0.7467		0.0754	1.1864	0.3875	1.2400
Intercept	-12.5031	9.5956	***	-14.3626	5.9795	**	0.0020	-	0.0145	-
Nagelkerke R^2		0.4704			0.4335					
Number of Obs.		237			129					

Appendix 68: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long7}	-0.3526	0.2708		0.1208	0.0253		0.6028	1.2997	0.8736	1.4205
EPT_{Long5}	0.7184	0.8819		0.2730	0.1070		0.3477	1.2842	0.7436	1.6095
RPT_{Long5}	-1.5134	2.9513	*	-1.0490	1.2365		0.0858	1.2190	0.2661	1.3554
Audit Partner-Specific Variables										
EP_{Exp}	-0.0647	1.6105		0.0897	1.6722		0.2044	1.3727	0.1960	1.3079
RP_{Exp}	-0.0531	2.2152		-0.0264	0.3386		0.1367	1.1875	0.5607	1.1506
$EP_{Ability}$	1.3333	2.9727	*	0.2403	0.0621		0.0847	1.0921	0.8032	1.2464
$RP_{Ability}$	1.3255	4.0557	**	0.3486	0.1624		0.0440	1.3002	0.6870	1.5592
Gender	0.1363	0.0330		0.2032	0.0835		0.8559	1.2464	0.7726	1.4779
Audit Firm-Specific Variables										
Big4	0.0673	0.0055		-0.1771	0.0330		0.9407	2.3036	0.8559	2.5176
IndExp	2.4425	5.3915	**	2.7612	5.1186	**	0.0202	1.4297	0.0237	1.8026
Office	0.0361	0.0414		0.2893	2.1527		0.8388	2.4716	0.1423	2.8808
Client-Specific Variables										
Age	-0.2540	0.8362		-0.0769	0.0732		0.3605	1.1422	0.7867	1.1859
Size	0.5098	6.1329	**	0.2158	0.7078		0.0133	2.4648	0.4002	2.4938
OCF	-4.6464	4.1274	**	3.0011	0.3957		0.0422	1.5360	0.5293	1.4717
Lev	-2.8739	2.3648		-2.2678	1.5727		0.1241	4.1840	0.2098	3.0795
pBank	0.6221	7.8649	***	0.6431	7.2117	***	0.0050	4.7920	0.0072	3.8238
MB	0.0621	0.2279		0.0546	0.2724		0.6331	1.1542	0.6018	1.2458
AC	0.5646	0.4396		1.3108	1.8607		0.5073	1.6283	0.1725	1.8090
Lag	1.9315	9.6688	***	1.8100	3.9695	**	0.0019	1.4485	0.0463	1.6772
Busy	-1.2983	3.6349	*	-0.8134	0.7425		0.0566	1.1882	0.3888	1.2441
Intercept	-13.3021	9.3631	***	-15.3512	5.9079	**	0.0022	-	0.0151	-
Nagelkerke R^2	0.4773			0.4350						
Number of Obs.	237			129						

Appendix 69: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long8}	-1.1582	2.1031		-0.9690	1.1727		0.1470	1.2851	0.2788	1.4545
EPT_{Long5}	0.7284	0.8401		0.3904	0.2214		0.3594	1.2670	0.6380	1.5626
RPT_{Long5}	-1.5363	3.1568	*	-0.8787	0.9877		0.0756	1.2055	0.3203	1.3559
Audit Partner-Specific Variables										
EP_{Exp}	-0.0680	1.6931		0.0718	0.9840		0.1932	1.3326	0.3212	1.2996
RP_{Exp}	-0.0484	1.8324		-0.0266	0.3333		0.1758	1.1876	0.5638	1.1596
$EP_{Ability}$	1.0958	2.0612		0.1127	0.0118		0.1511	1.0991	0.9135	1.2629
$RP_{Ability}$	1.3305	4.1059	**	0.4337	0.2692		0.0427	1.2962	0.6039	1.5787
Gender	0.0494	0.0047		0.1855	0.0724		0.9453	1.2474	0.7878	1.4798
Audit Firm-Specific Variables										
Big4	0.0809	0.0076		-0.2388	0.0583		0.9305	2.2989	0.8092	2.5165
IndExp	2.4973	5.2384	**	2.7153	5.0231	**	0.0221	1.4176	0.0250	1.8019
Office	0.0454	0.0691		0.2984	2.2437		0.7926	2.4720	0.1342	2.8800
Client-Specific Variables										
Age	-0.1910	0.5103		-0.0119	0.0017		0.4750	1.1474	0.9670	1.2445
Size	0.5011	5.8533	**	0.1961	0.6535		0.0155	2.4350	0.4189	2.4935
OCF	-4.3282	3.7315	*	3.1877	0.5347		0.0534	1.5579	0.4647	1.4775
Lev	-3.8563	4.0739	**	-3.1213	2.5367		0.0435	4.2473	0.1112	3.1209
pBank	0.7416	10.3267	***	0.7420	8.8422	***	0.0013	4.8393	0.0029	3.8301
MB	0.0634	0.2269		0.0476	0.2164		0.6339	1.1558	0.6418	1.2585
AC	0.7370	0.5896		1.5654	1.7361		0.4426	1.6346	0.1876	1.8332
Lag	1.8060	8.6507	***	1.6256	3.2562	*	0.0033	1.4488	0.0712	1.6632
Busy	-1.3290	3.8446	**	-0.9230	1.1114		0.0499	1.1891	0.2918	1.2434
Intercept	-12.4480	8.0299	***	-13.9417	5.4662	**	0.0046	-	0.0194	-
Nagelkerke R^2	0.4901			0.4495						
Number of Obs.	237			129						

Appendix 70: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long9}	-1.0767	1.5213		-1.6727	2.7341	*	0.2174	1.2644	0.0982	1.5381
EPT_{Long5}	0.7738	0.9461		0.4864	0.3278		0.3307	1.2743	0.5670	1.5638
RPT_{Long5}	-1.5171	3.0380	*	-0.8425	0.7752		0.0813	1.2050	0.3786	1.3606
Audit Partner-Specific Variables										
EP_{Exp}	-0.0534	0.9947		0.0903	1.2728		0.3186	1.3076	0.2592	1.2907
RP_{Exp}	-0.0556	2.3247		-0.0301	0.4350		0.1273	1.1875	0.5096	1.1522
$EP_{Ability}$	1.1271	2.1051		-0.0608	0.0036		0.1468	1.0966	0.9522	1.2800
$RP_{Ability}$	1.3384	4.0979	**	0.5240	0.3699		0.0429	1.2978	0.5430	1.5674
Gender	0.0986	0.0187		0.1861	0.0729		0.8911	1.2466	0.7871	1.4779
Audit Firm-Specific Variables										
Big4	0.0956	0.0118		-0.3130	0.1004		0.9135	2.2892	0.7514	2.5157
IndExp	2.4591	5.5574	**	2.7210	5.1243	**	0.0184	1.4137	0.0236	1.8004
Office	0.0369	0.0468		0.3041	2.7920	*	0.8288	2.4712	0.0947	2.8787
Client-Specific Variables										
Age	-0.2077	0.5714		0.0323	0.0114		0.4497	1.1279	0.9149	1.2499
Size	0.5323	6.1796	**	0.2829	1.1762		0.0129	2.4334	0.2781	2.5039
OCF	-4.3355	3.8677	**	3.4670	0.5948		0.0492	1.5591	0.4406	1.4726
Lev	-3.2303	2.8876	*	-3.2714	3.2324	*	0.0893	4.1291	0.0722	3.0096
pBank	0.6689	8.1832	***	0.7790	9.4954	***	0.0042	4.7529	0.0021	3.7775
MB	0.0540	0.1572		0.0491	0.2051		0.6917	1.1583	0.6507	1.2522
AC	0.6542	0.5232		1.5947	1.8162		0.4695	1.6390	0.1778	1.8407
Lag	1.9149	9.8793	***	1.7432	3.2329	*	0.0017	1.4429	0.0722	1.6622
Busy	-1.2931	3.7232	*	-0.8897	0.9467		0.0537	1.1891	0.3306	1.2441
Intercept	-13.6203	9.5007	***	-15.7604	5.6700	**	0.0021	-	0.0173	-
Nagelkerke R^2	0.4841			0.4652						
Number of Obs.	237			129						

Appendix 71: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long10}	-2.0730	6.4643	**	-2.3966	7.4611	***	0.0110	1.2802	0.0063	1.5177
EPT_{Long5}	0.8303	1.0869		0.5386	0.3470		0.2972	1.2711	0.5558	1.5941
RPT_{Long5}	-1.6289	3.1746	*	-1.1713	1.3797		0.0748	1.2019	0.2401	1.3512
Audit Partner-Specific Variables										
EP_{Exp}	-0.0456	0.7702		0.1025	1.8108		0.3802	1.3073	0.1784	1.3015
RP_{Exp}	-0.0579	2.4125		-0.0334	0.5883		0.1204	1.1884	0.4431	1.1472
$EP_{Ability}$	1.0994	2.0659		0.0102	0.0001		0.1506	1.1040	0.9919	1.2602
$RP_{Ability}$	1.3165	3.8456	**	0.4338	0.2467		0.0499	1.2862	0.6194	1.5635
Gender	0.0958	0.0172		0.2252	0.1069		0.8956	1.2464	0.7437	1.4777
Audit Firm-Specific Variables										
Big4	0.0684	0.0063		-0.3459	0.1328		0.9370	2.2905	0.7156	2.5164
IndExp	2.3765	5.4668	**	2.4209	4.1234	**	0.0194	1.4202	0.0423	1.8233
Office	0.0027	0.0002		0.2520	1.7831		0.9875	2.4745	0.1818	2.9053
Client-Specific Variables										
Age	-0.1822	0.4250		0.0527	0.0341		0.5145	1.1109	0.8536	1.2809
Size	0.6104	7.1969	***	0.3520	1.5750		0.0073	2.4853	0.2095	2.5436
OCF	-4.2400	3.3795	*	3.4282	0.5802		0.0660	1.5624	0.4462	1.4626
Lev	-3.7565	3.4421	*	-3.5789	3.7489	*	0.0636	4.2130	0.0528	3.0436
pBank	0.7476	8.0670	***	0.8187	9.8261	***	0.0045	4.8382	0.0017	3.8204
MB	0.0552	0.1567		0.0478	0.2084		0.6922	1.1593	0.6480	1.2463
AC	0.7645	0.7901		1.6427	2.7003		0.3741	1.6671	0.1003	1.8656
Lag	1.9790	10.1791	***	1.8235	4.7185	**	0.0014	1.4152	0.0298	1.6520
Busy	-1.2799	3.3019	*	-0.9133	0.9914		0.0692	1.1877	0.3194	1.2428
Intercept	-14.1536	9.5686	***	-15.9998	7.2714	***	0.0020	-	0.0070	-
Nagelkerke R^2	0.4958			0.4707						
Number of Obs.	237			129						

Appendix 72: GCO Joint Sensitivity Analysis: *GCO* on *FT* and *Team*

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT	-0.1499	2.6080		-0.1348	1.9531		0.1063	1.2689	0.1623	1.5521
Team	0.0853	0.2119		0.1268	0.4258		0.6453	1.2066	0.5141	1.4223
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0651	8.2826	***	-0.0154	0.2432		0.0040	1.2096	0.6219	1.1880
$Team_{Ability}$	1.6239	8.0659	***	0.5985	0.9023		0.0045	1.1652	0.3422	1.3460
Gender	0.0666	0.0104		-0.1085	0.0254		0.9189	1.1578	0.8733	1.2639
Audit Firm-Specific Variables										
Big4	0.2387	0.1040		0.0625	0.0063		0.7471	2.1195	0.9366	2.2017
IndExp	2.3588	5.1199	**	1.6109	2.7284	*	0.0237	1.3996	0.0986	1.7538
Office	-0.0347	0.0623		0.1130	0.6623		0.8029	2.4158	0.4158	2.6778
Client-Specific Variables										
Age	-0.1129	0.2634		-0.0740	0.0786		0.6078	1.1518	0.7792	1.2905
Size	0.6549	9.8736	***	0.4065	3.4836	*	0.0017	2.4431	0.0620	2.3098
OCF	-4.8081	5.0237	**	1.3631	0.1373		0.0250	1.5668	0.7110	1.4741
Lev	-3.8391	5.8999	**	-3.2618	4.6699	**	0.0151	3.9592	0.0307	3.1489
pBank	0.7554	16.0830	***	0.7433	14.7076	***	0.0001	4.6298	0.0001	3.7708
MB	0.1032	0.5914		0.0889	0.7734		0.4419	1.1255	0.3792	1.1970
AC	0.0363	0.0031		0.3753	0.3292		0.9559	1.4770	0.5661	1.5190
Lag	1.6312	9.4316	***	1.2887	3.2344	*	0.0021	1.4417	0.0721	1.6319
Busy	-1.2283	3.1515	*	-0.8027	0.9249		0.0759	1.1769	0.3362	1.1970
Intercept	-11.9343	10.1772	***	-10.6836	4.7830	**	0.0014	-	0.0287	-
Nagelkerke R^2		0.4968			0.3980					
Number of Obs.		277			151					

Appendix 73: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short} and $Team_{Short}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short}	0.6791	1.0851		0.4326	0.5102		0.2976	1.2568	0.4750	1.4994
$Team_{Short}$	0.0830	0.0152		0.1214	0.0283		0.9019	1.2456	0.8665	1.4859
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0660	8.2092	***	-0.0104	0.1134		0.0042	1.1671	0.7363	1.1540
$Team_{Ability}$	1.5884	7.9509	***	0.5876	0.8775		0.0048	1.1569	0.3489	1.3198
Gender	0.1410	0.0464		-0.1325	0.0371		0.8295	1.1632	0.8473	1.2742
Audit Firm-Specific Variables										
Big4	0.2166	0.0884		0.0891	0.0135		0.7662	2.1200	0.9075	2.2181
IndExp	2.3448	5.3556	**	1.6223	2.9216	*	0.0207	1.3901	0.0874	1.7492
Office	-0.0345	0.0578		0.1028	0.5838		0.8099	2.4147	0.4448	2.6842
Client-Specific Variables										
Age	-0.1357	0.4104		-0.0943	0.1247		0.5218	1.1312	0.7240	1.2280
Size	0.6385	8.4225	***	0.3974	3.0248	*	0.0037	2.4202	0.0820	2.3231
OCF	-5.0761	4.5220	**	0.9767	0.0667		0.0335	1.5643	0.7962	1.4837
Lev	-3.4131	4.4908	**	-2.8010	3.4385	*	0.0341	3.9128	0.0637	3.1185
pBank	0.6924	14.3750	***	0.6645	11.7000	***	0.0001	4.6030	0.0006	3.8190
MB	0.0986	0.5787		0.0894	0.7269		0.4468	1.1288	0.3939	1.2004
AC	-0.0378	0.0034		0.3159	0.2528		0.9535	1.4650	0.6151	1.4935
Lag	1.8144	10.5890	***	1.4281	3.6415	*	0.0011	1.4407	0.0564	1.6357
Busy	-1.2097	2.9818	*	-0.7974	1.0096		0.0842	1.1856	0.3150	1.2089
Intercept	-13.5024	8.7962	***	-11.9234	5.1255	**	0.0030	-	0.0236	-
Nagelkerke R^2		0.4912			0.3893					
Number of Obs.		277			151					

Appendix 74: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long} and $Team_{Long}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long}	-2.3912	8.2309	***	-1.6846	2.8255	*	0.0041	1.1888	0.0928	1.1933
$Team_{Long}$	1.8204	1.9927		1.0388	0.6139		0.1581	1.0710	0.4333	1.2296
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0639	6.6790	***	-0.0124	0.1550		0.0098	1.1703	0.6938	1.1228
$Team_{Ability}$	1.5999	7.4597	***	0.5653	0.7890		0.0063	1.1574	0.3744	1.3227
Gender	0.2375	0.1528		0.0130	0.0004		0.6959	1.1568	0.9846	1.2750
Audit Firm-Specific Variables										
Big4	0.5626	0.5314		0.3448	0.2035		0.4660	2.1035	0.6519	2.1900
IndExp	2.2987	5.5181	**	1.6935	3.2564	*	0.0188	1.3927	0.0711	1.7424
Office	-0.0728	0.2718		0.0988	0.5046		0.6021	2.4317	0.4775	2.6952
Client-Specific Variables										
Age	-0.1607	0.5317		-0.1131	0.1865		0.4659	1.1194	0.6659	1.2818
Size	0.6516	9.0838	***	0.3736	2.7160	*	0.0026	2.4494	0.0993	2.3403
OCF	-4.3301	4.0280	**	1.3066	0.1319		0.0448	1.5675	0.7164	1.4715
Lev	-3.4524	5.1828	**	-3.0650	4.4631	**	0.0228	3.8329	0.0346	3.0482
pBank	0.7158	14.8267	***	0.6864	12.4777	***	0.0001	4.5370	0.0004	3.5741
MB	0.0899	0.5154		0.0784	0.5963		0.4728	1.1218	0.4400	1.1949
AC	0.0355	0.0030		0.2930	0.2110		0.9562	1.5013	0.6460	1.4988
Lag	1.7689	11.2879	***	1.4959	3.7713	*	0.0008	1.4206	0.0521	1.5871
Busy	-1.3935	4.0773	**	-0.8244	0.9696		0.0435	1.1783	0.3248	1.1875
Intercept	-12.5115	10.6580	***	-11.5448	4.8978	**	0.0011	-	0.0269	-
Nagelkerke R^2		0.5029			0.3962					
Number of Obs.		277			151					

Appendix 75: GCO Joint Sensitivity Analysis: *GCO* on FT_{Short2} and $Team_{Short2}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Short2}	0.5616	0.8107		0.8907	1.8389		0.3679	1.3530	0.1751	1.4895
$Team_{Short2}$	-0.4027	0.3725		-0.6979	0.9322		0.5416	1.3577	0.3343	1.4041
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0695	8.4207	***	-0.0193	0.3816		0.0037	1.1830	0.5368	1.1541
$Team_{Ability}$	1.5692	6.7426	***	0.5757	0.8465		0.0094	1.1679	0.3575	1.3337
Gender	0.1915	0.0936		0.0701	0.0103		0.7597	1.1587	0.9192	1.2745
Audit Firm-Specific Variables										
Big4	0.3226	0.1991		0.1123	0.0201		0.6555	2.1003	0.8872	2.1952
IndExp	2.2726	5.2447	**	1.6633	2.6870		0.0220	1.3871	0.1012	1.7669
Office	-0.0501	0.1335		0.1144	0.7133		0.7149	2.4218	0.3984	2.6978
Client-Specific Variables										
Age	-0.1785	0.6914		-0.1244	0.2402		0.4057	1.1237	0.6241	1.2361
Size	0.6122	7.6424	***	0.3955	3.2398	*	0.0057	2.3965	0.0719	2.2947
OCF	-4.7020	4.4194	**	1.1577	0.1047		0.0355	1.5672	0.7463	1.4864
Lev	-3.1479	3.8957	**	-2.9517	4.0421	**	0.0484	3.8661	0.0444	3.0371
pBank	0.6718	12.9399	***	0.6795	12.3563	***	0.0003	4.5533	0.0004	3.5733
MB	0.0840	0.4620		0.0838	0.5928		0.4967	1.1248	0.4413	1.1914
AC	-0.0385	0.0038		0.3464	0.2856		0.9506	1.4696	0.5931	1.5036
Lag	1.7489	12.7692	***	1.5410	4.0983	**	0.0004	1.4243	0.0429	1.5839
Busy	-1.2120	3.1950	*	-0.6857	0.6403		0.0739	1.1774	0.4236	1.1948
Intercept	-12.1526	9.9947	***	-11.8794	5.2571	**	0.0016	-	0.0219	-
Nagelkerke R^2		0.4872			0.4011					
Number of Obs.		277			151					

Appendix 76: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long7} and $Team_{Long5}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long7}	-0.5264	0.6806		-0.0763	0.0137		0.4094	1.1922	0.9069	1.3196
$Team_{Long5}$	-1.1358	1.1770		-0.6623	0.4342		0.2780	1.0831	0.5099	1.1869
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0663	7.9669	***	-0.0065	0.0439		0.0048	1.1761	0.8341	1.1214
$Team_{Ability}$	1.5705	7.7003	***	0.5817	0.8766		0.0055	1.1675	0.3491	1.3248
Gender	0.1140	0.0308		-0.0906	0.0177		0.8607	1.1581	0.8940	1.2642
Audit Firm-Specific Variables										
Big4	0.2960	0.1623		0.2118	0.0813		0.6871	2.1194	0.7756	2.1875
IndExp	2.3731	5.5367	**	1.6106	2.9163	*	0.0186	1.4068	0.0877	1.7463
Office	-0.0405	0.0833		0.0907	0.4301		0.7728	2.4151	0.5119	2.6777
Client-Specific Variables										
Age	-0.1504	0.4699		-0.1117	0.1619		0.4930	1.1447	0.6875	1.2498
Size	0.6180	9.3050	***	0.3771	2.9409	*	0.0023	2.4429	0.0864	2.3109
OCF	-4.6079	4.7855	**	1.1818	0.1126		0.0287	1.5640	0.7372	1.4799
Lev	-3.4478	4.9304	**	-2.6053	3.1452	*	0.0264	3.9076	0.0762	3.0886
pBank	0.6972	14.3383	***	0.6300	10.4385	***	0.0002	4.6030	0.0012	3.6567
MB	0.1103	0.7288		0.0887	0.7972		0.3933	1.1336	0.3719	1.2078
AC	0.0323	0.0023		0.3181	0.2485		0.9622	1.4712	0.6181	1.5272
Lag	1.7802	10.0514	***	1.5199	3.8066	*	0.0015	1.4529	0.0511	1.6305
Busy	-1.3254	4.3601	**	-0.7975	0.9193		0.0368	1.1729	0.3377	1.1903
Intercept	-12.4047	10.2731	***	-11.8407	5.3228	**	0.0013	-	0.0210	-
Nagelkerke R^2		0.4926			0.3864					
Number of Obs.		277			151					

Appendix 77: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long8} and $Team_{Long5}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long8}	-1.2417	2.6966		-1.0613	1.8534		0.1006	1.2080	0.1734	1.3692
$Team_{Long5}$	-1.1786	1.1918		-0.7292	0.4295		0.2750	1.0832	0.5122	1.1871
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0669	8.1878	***	-0.0137	0.1912		0.0042	1.1670	0.6619	1.1345
$Team_{Ability}$	1.5425	7.5145	***	0.6398	1.0496		0.0061	1.1632	0.3056	1.3232
Gender	0.1014	0.0262		-0.1015	0.0227		0.8715	1.1573	0.8803	1.2647
Audit Firm-Specific Variables										
Big4	0.2765	0.1259		0.1654	0.0470		0.7227	2.1136	0.8284	2.1759
IndExp	2.4197	5.5596	**	1.7009	3.1583	*	0.0184	1.3992	0.0755	1.7465
Office	-0.0361	0.0671		0.1099	0.6220		0.7956	2.4154	0.4303	2.6739
Client-Specific Variables										
Age	-0.0855	0.1586		-0.0179	0.0042		0.6905	1.1498	0.9481	1.3052
Size	0.6067	8.7655	***	0.3636	2.8157	*	0.0031	2.4138	0.0933	2.3076
OCF	-4.2830	4.6293	**	1.3817	0.1775		0.0314	1.5803	0.6736	1.4897
Lev	-4.1511	7.0584	***	-3.3138	4.8093	**	0.0079	3.9710	0.0283	3.1632
pBank	0.7904	17.0336	***	0.7239	13.8562	***	0.0000	4.6596	0.0002	3.7119
MB	0.1164	0.7760		0.0904	0.8813		0.3784	1.1340	0.3478	1.2094
AC	0.1868	0.0633		0.4767	0.4534		0.8014	1.4747	0.5007	1.5412
Lag	1.6321	8.5122	***	1.3182	3.2036	*	0.0035	1.4588	0.0735	1.6246
Busy	-1.3808	4.5698	**	-0.9039	1.2520		0.0325	1.1733	0.2632	1.1878
Intercept	-11.4607	8.4658	***	-10.7214	4.8993	**	0.0036	-	0.0269	-
Nagelkerke R^2		0.5048			0.4038					
Number of Obs.		277			151					

Appendix 78: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long9} and $Team_{Long5}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long9}	-1.2474	2.1493		-1.5407	3.5970	*	0.1426	1.1940	0.0579	1.4220
$Team_{Long5}$	-1.1323	1.0588		-0.7609	0.3949		0.3035	1.0874	0.5297	1.1945
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0638	7.4155	***	-0.0100	0.1034		0.0065	1.1613	0.7478	1.1106
$Team_{Ability}$	1.5200	7.5875	***	0.6046	0.9275		0.0059	1.1661	0.3355	1.3158
Gender	0.0873	0.0189		-0.1301	0.0400		0.8908	1.1573	0.8415	1.2660
Audit Firm-Specific Variables										
Big4	0.2591	0.1226		0.0535	0.0046		0.7263	2.1021	0.9459	2.1916
IndExp	2.3249	5.3289	**	1.7234	3.2442	*	0.0210	1.3951	0.0717	1.7465
Office	-0.0454	0.1005		0.1133	0.6697		0.7512	2.4150	0.4132	2.6772
Client-Specific Variables										
Age	-0.1158	0.2806		-0.0061	0.0005		0.5963	1.1292	0.9824	1.2913
Size	0.6447	8.9899	***	0.4310	3.3844	*	0.0027	2.4107	0.0658	2.3284
OCF	-4.3280	4.4167	**	1.4118	0.1698		0.0356	1.5813	0.6803	1.4832
Lev	-3.6204	5.4470	**	-3.3305	5.3024	**	0.0196	3.8888	0.0213	3.0793
pBank	0.7301	14.3901	***	0.7404	13.4099	***	0.0001	4.5915	0.0003	3.6581
MB	0.1125	0.7085		0.0970	0.9594		0.3999	1.1348	0.3273	1.2078
AC	0.0818	0.0141		0.4159	0.3667		0.9056	1.4752	0.5448	1.5419
Lag	1.7365	9.9671	***	1.3436	3.2631	*	0.0016	1.4575	0.0709	1.6248
Busy	-1.3716	4.5122	**	-0.8890	1.1318		0.0337	1.1733	0.2874	1.1887
Intercept	-12.5390	10.4992	***	-11.7370	5.6567	**	0.0012	-	0.0174	-
Nagelkerke R^2		0.4991			0.4105					
Number of Obs.		277			151					

Appendix 79: GCO Joint Sensitivity Analysis: *GCO* on FT_{Long10} and $Team_{Long5}$

	Model A			Model B			Model A		Model B	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
FT_{Long10}	-2.1701	5.5735	**	-2.2203	5.5753	**	0.0182	1.2148	0.0182	1.4032
$Team_{Long5}$	-1.1772	0.9218		-0.7523	0.3545		0.3370	1.0942	0.5516	1.1903
Audit Partner-Specific Variables										
$Team_{Exp}$	-0.0627	6.6894	***	-0.0098	0.0930		0.0097	1.1625	0.7604	1.1025
$Team_{Ability}$	1.5006	7.2087	***	0.5896	0.8571		0.0073	1.1620	0.3545	1.3157
Gender	0.0603	0.0090		-0.1077	0.0268		0.9244	1.1572	0.8699	1.2653
Audit Firm-Specific Variables										
Big4	0.2418	0.1131		0.0083	0.0001		0.7367	2.1013	0.9913	2.1925
IndExp	2.2583	5.4949	**	1.5030	2.7576	*	0.0191	1.3998	0.0968	1.7760
Office	-0.0703	0.2563		0.0778	0.3255		0.6127	2.4182	0.5683	2.6857
Client-Specific Variables										
Age	-0.0917	0.1817		0.0195	0.0053		0.6699	1.1117	0.9419	1.3181
Size	0.7199	10.4157	***	0.4904	3.8118	*	0.0012	2.4662	0.0509	2.3716
OCF	-4.2184	3.8375	*	1.4078	0.1659		0.0501	1.5877	0.6838	1.4771
Lev	-4.1411	6.1957	**	-3.7281	5.8611	**	0.0128	3.9534	0.0155	3.1095
pBank	0.8033	13.9690	***	0.7909	13.5519	***	0.0002	4.6611	0.0002	3.7042
MB	0.1105	0.6699		0.0879	0.7931		0.4131	1.1357	0.3731	1.2078
AC	0.1088	0.0271		0.4456	0.4666		0.8692	1.4947	0.4945	1.5440
Lag	1.8057	11.0212	***	1.4449	3.9186	**	0.0009	1.4299	0.0478	1.6066
Busy	-1.3775	4.2389	**	-0.9180	1.1810		0.0395	1.1732	0.2772	1.1873
Intercept	-13.1551	11.0780	***	-12.1603	6.0274	**	0.0009	-	0.0141	-
Nagelkerke R^2		0.5083			0.4152					
Number of Obs.		277			151					

Appendix 80: GCO Analysis - Overview of Results at Audit Firm Level

Primary Analyses

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.1219**	**2.0828**	**0.1490**		**-0.1049**	**1.4257**	**0.2325**	
FT ≤ 2	0.2320	0.1517	0.6969		0.5386	0.8418	0.3589	
FT ≤ 3	**0.6132**	**1.0969**	**0.2950**		**0.4004**	**0.5684**	**0.4509**	
FT ≥ 7	-0.3096	0.2736	0.6009		-0.0137	0.0005	0.9829	
FT ≥ 8	-1.1752	2.4021	0.1212		-0.9583	1.5454	0.2138	
FT ≥ 9	-1.2105	2.0823	0.1490		-1.4631	3.5058	0.0612	*
FT ≥ 10	-2.1713	6.0444	0.0140	**	-2.1648	6.7446	0.0094	***
FT ≥ 11	**-2.4607**	**8.2159**	**0.0042**	***	**-1.6184**	**3.1498**	**0.0759**	*

Less FT = 1

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.1542**	**2.4334**	**0.1188**		**-0.0943**	**0.7742**	**0.3789**	
FT ≤ 2	0.0573	0.0057	0.9398		0.2512	0.1053	0.7455	
FT ≤ 3	**0.6092**	**0.8248**	**0.3638**		**0.2720**	**0.2123**	**0.6450**	
FT ≥ 7	-0.3735	0.3273	0.5673		-0.0445	0.0042	0.9485	
FT ≥ 8	-1.4385	2.7560	0.0969	*	-1.0607	1.7433	0.1867	
FT ≥ 9	-1.3944	2.5069	0.1133		-1.5466	3.9807	0.0460	**
FT ≥ 10	-2.3390	6.7615	0.0093	***	-2.2445	6.9852	0.0082	***
FT ≥ 11	**-2.5572**	**7.1420**	**0.0075**	***	**-1.4250**	**2.1832**	**0.1395**	

Less Freq$_{AF\ Switch}$

	Model A				*Model B*			
	Coeff.	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.1072**	**1.4152**	**0.2342**		**-0.0923**	**1.0301**	**0.3101**	
FT ≤ 2	0.1399	0.0417	0.8383		0.4888	0.4734	0.4914	
FT ≤ 3	**0.5942**	**0.8755**	**0.3494**		**0.3578**	**0.3827**	**0.5361**	
FT ≥ 7	-0.2420	0.1460	0.7024		-0.0397	0.0038	0.9508	
FT ≥ 8	-1.1950	2.3149	0.1281		-1.0519	1.6554	0.1982	
FT ≥ 9	-1.0973	1.9451	0.1631		-1.5131	4.0335	0.0446	**
FT ≥ 10	-1.9617	5.7706	0.0163	**	-1.9697	6.4597	0.0110	**
FT ≥ 11	**-2.1424**	**6.5391**	**0.0106**	**	**-1.0885**	**1.5242**	**0.2170**	

Appendix 81: GCO Analysis - Overview of Results at Audit Partner Level

Primary Analyses

	Model A				*Model B*		
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**
EPT	**0.1467**	**0.8516**	**0.3561**		**0.0597**	**0.0850**	**0.7706**
RPT	**-0.2055**	**1.4546**	**0.2278**		**-0.1644**	**0.7273**	**0.3938**
EPT ≤ 2	-0.7026	0.9802	0.3221		-0.2049	0.0675	0.7950
RPT ≤ 2	0.4034	0.3867	0.5341		0.2669	0.1889	0.6638
EPT ≤ 3	**-0.3612**	**0.3341**	**0.5632**		**0.0605**	**0.0054**	**0.9413**
RPT ≤ 3	**0.7272**	**1.5709**	**0.2101**		**0.7681**	**0.8751**	**0.3496**
EPT ≥ 5	0.4540	0.4291	0.5124		0.1374	0.0348	0.8519
RPT ≥ 5	-1.5701	3.6272	0.0568	*	-0.9607	1.2754	0.2587
EPT ≥ 6	**0.3655**	**0.2612**	**0.6093**		**0.3248**	**0.1151**	**0.7345**
RPT ≥ 6	**0.5216**	**0.4786**	**0.4890**		**0.6309**	**0.3758**	**0.5398**

Less EPT/RPT = 1

	Model A				*Model B*		
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**
EPT	**-0.3020**	**0.8234**	**0.3642**		**0.1403**	**0.1542**	**0.6946**
RPT	**0.0563**	**0.0195**	**0.8890**		**-0.3192**	**0.8327**	**0.3615**
EPT ≤ 2	-0.1222	0.0149	0.9030		-0.2062	0.0275	0.8682
RPT ≤ 2	0.3643	0.1042	0.7469		0.2812	0.0531	0.8178
EPT ≤ 3	**0.9255**	**0.6906**	**0.4060**		**-0.0170**	**0.0003**	**0.9870**
RPT ≤ 3	**0.1218**	**0.0188**	**0.8911**		**1.5308**	**2.3685**	**0.1238**
EPT ≥ 5	-1.0925	0.5615	0.4536		0.1934	0.0314	0.8594
RPT ≥ 5	-1.0556	0.8387	0.3598		-0.9113	1.0358	0.3088
EPT ≥ 6	**-1.7258**	**1.4408**	**0.2300**		**-0.7291**	**0.2532**	**0.6148**
RPT ≥ 6	**4.1164**	**3.4307**	**0.0640**	*****	**2.1109**	**1.4016**	**0.2365**

Less FT ≤ 3

	Model A				*Model B*		
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**
EPT	**-0.0707**	**0.0736**	**0.7861**		**-0.2116**	**0.3344**	**0.5631**
RPT	**-0.2210**	**0.9529**	**0.3290**		**0.1016**	**0.0812**	**0.7757**
EPT ≤ 2	0.0996	0.0064	0.9364		1.0872	0.8159	0.3664
RPT ≤ 2	-0.1594	0.0353	0.8509		-1.1815	1.0681	0.3014
EPT ≤ 3	**0.4958**	**0.2641**	**0.6073**		**1.4693**	**1.3813**	**0.2399**
RPT ≤ 3	**1.1589**	**1.6692**	**0.1964**		**0.1956**	**0.0230**	**0.8795**
EPT ≥ 5	-1.0053	0.5371	0.4636		-0.8475	0.4487	0.5029
RPT ≥ 5	-3.2719	5.3191	0.0211	**	-1.0820	0.4682	0.4938
EPT ≥ 6	**-0.1601**	**0.0136**	**0.9072**		**0.0387**	**0.0006**	**0.9799**
RPT ≥ 6	**1.1507**	**0.5007**	**0.4792**		**1.2386**	**0.3456**	**0.5566**

Audit Partner Team Tenure

	Model A			*Model B*		
Variable	**Coeff.**	**Wald**	**p-Value**	**Coeff.**	**Wald**	**p-Value**
Team	**-0.0008**	**0.0000**	**0.9963**	**0.0480**	**0.0709**	**0.7900**
Team ≤ 2	-0.1643	0.0728	0.7872	-0.3648	0.2992	0.5844
Team ≤ 3	**0.3994**	**0.3922**	**0.5312**	**0.3475**	**0.3174**	**0.5732**
Team ≥ 5	**-1.1389**	**1.2233**	**0.2687**	**-0.6717**	**0.4532**	**0.5008**
Team ≥ 6	**1.8187**	**2.0217**	**0.1551**	**1.0375**	**0.6135**	**0.4335**

Appendix 82: GCO Analysis - Overview of Results of the Joint Analysis

Primary Analysis

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.2018**	**3.5088**	**0.0610**	*****	**-0.1316**	**1.4055**	**0.2358**	
EPT	**0.2886**	**2.1780**	**0.1400**		**0.1381**	**0.3348**	**0.5628**	
RPT	**-0.1389**	**0.5275**	**0.4677**		**-0.1080**	**0.2875**	**0.5918**	
FT ≤ 2	0.9810	1.7313	0.1882		0.9680	1.3979	0.2371	
EPT ≤ 2	-1.1365	1.6833	0.1945		-0.6051	0.3652	0.5456	
RPT ≤ 2	0.1430	0.0384	0.8447		-0.0076	0.0001	0.9910	
FT ≤ 3	**0.9108**	**1.4964**	**0.2212**		**0.1960**	**0.0692**	**0.7926**	
EPT ≤ 3	**-0.7631**	**1.0444**	**0.3068**		**-0.0167**	**0.0003**	**0.9854**	
RPT ≤ 3	**0.4304**	**0.4549**	**0.5000**		**0.6742**	**0.5819**	**0.4456**	
FT ≥ 7	-0.5188	0.6550	0.4183		0.1022	0.0202	0.8870	
EPT ≥ 5	0.5864	0.6978	0.4035		0.1114	0.0227	0.8804	
RPT ≥ 5	-1.5006	3.1148	0.0776	*	-0.9878	1.2154	0.2703	
FT ≥ 8	-1.2756	2.5689	0.1090		-0.9421	1.2764	0.2586	
EPT ≥ 5	0.5560	0.5920	0.4417		0.2026	0.0737	0.7860	
RPT ≥ 5	-1.5814	3.3577	0.0669	*	-0.8339	0.9161	0.3385	
FT ≥ 9	-1.2438	1.6873	0.1940		-1.6228	2.7222	0.0990	*
EPT ≥ 5	0.5960	0.6782	0.4102		0.2846	0.1385	0.7098	
RPT ≥ 5	-1.5656	3.2858	0.0699	*	-0.8244	0.7779	0.3778	
FT ≥ 10	-2.3803	7.3195	0.0068	***	-2.5318	6.9846	0.0082	***
EPT ≥ 5	0.6816	0.8848	0.3469		0.3405	0.1737	0.6769	
RPT ≥ 5	-1.7247	3.4370	0.0638	*	-1.1038	1.2724	0.2593	
FT ≥ 11	**-2.6503**	**8.8505**	**0.0029**	*******	**-2.0553**	**4.3843**	**0.0363**	******
EPT ≥ 6	**0.7431**	**1.1441**	**0.2848**		**0.4947**	**0.2125**	**0.6448**	
RPT ≥ 6	**0.5436**	**0.5507**	**0.4580**		**0.5174**	**0.2363**	**0.6269**	

Less FT/EPT/RPT = 1

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.3471**	**4.0704**	**0.0436**	******	**-0.1869**	**0.8316**	**0.3618**	
EPT	**-0.0782**	**0.0337**	**0.8544**		**0.2618**	**0.3626**	**0.5470**	
RPT	**0.4293**	**1.0987**	**0.2946**		**-0.1868**	**0.3134**	**0.5756**	
FT ≤ 2	1.1201	0.5788	0.4468		1.3917	0.3702	0.5429	
EPT ≤ 2	-0.6186	0.2792	0.5972		-0.9878	0.2210	0.6383	
RPT ≤ 2	0.0690	0.0030	0.9564		0.0634	0.0023	0.9615	
FT ≤ 3	**2.2645**	**2.1665**	**0.1410**		**0.2452**	**0.0291**	**0.8647**	
EPT ≤ 3	**-0.1349**	**0.0082**	**0.9279**		**-0.1265**	**0.0094**	**0.9226**	
RPT ≤ 3	**-1.0397**	**0.8396**	**0.3595**		**1.3902**	**1.6879**	**0.1939**	
FT ≥ 7	-0.3571	0.1527	0.6960		-0.0657	0.0047	0.9455	
EPT ≥ 5	-1.0701	0.5277	0.4676		0.2012	0.0326	0.8566	
RPT ≥ 5	-0.8720	0.4652	0.4952		-0.8858	0.9630	0.3264	
FT ≥ 8	-1.1838	1.1780	0.2778		-0.9173	0.6541	0.4187	
EPT ≥ 5	-1.2020	0.5832	0.4451		0.2657	0.0577	0.8101	
RPT ≥ 5	-0.7076	0.3375	0.5613		-0.6811	0.5723	0.4493	
FT ≥ 9	-2.1423	3.3172	0.0686	*	-1.9097	1.2730	0.2592	
EPT ≥ 5	-1.4075	0.6346	0.4257		0.3043	0.0671	0.7956	
RPT ≥ 5	-0.2008	0.0288	0.8654		-0.4322	0.2041	0.6514	
FT ≥ 10	-3.5738	3.6667	0.0555	*	-4.4306	4.5155	0.0336	**
EPT ≥ 5	-0.5715	0.1406	0.7076		0.8622	0.5027	0.4783	
RPT ≥ 5	-0.9839	0.6774	0.4105		-1.3390	1.7746	0.1828	
FT ≥ 11	**-13.7759**	**21.5118**	**0.0000**	*******	**-11.9980**	**115.0176**	**0.0000**	*******
EPT ≥ 6	**-0.5946**	**0.0953**	**0.7575**		**-0.4981**	**0.0712**	**0.7896**	
RPT ≥ 6	**3.5404**	**3.5892**	**0.0582**	*****	**1.6842**	**0.7164**	**0.3973**	

Less Freq $_{AF\ Switch}$

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.1790**	**2.6429**	**0.1040**		**-0.1263**	**1.0060**	**0.3159**	
EPT	**0.3243**	**2.6032**	**0.1066**		**0.2417**	**0.8047**	**0.3697**	
RPT	**-0.1346**	**0.5394**	**0.4627**		**-0.1255**	**0.4107**	**0.5216**	
FT ≤ 2	0.8243	1.0029	0.3166		0.7592	0.5334	0.4652	
EPT ≤ 2	-1.1078	1.5644	0.2110		-0.5962	0.3243	0.5690	
RPT ≤ 2	0.1223	0.0296	0.8634		0.1682	0.0474	0.8276	
FT ≤ 3	**0.8267**	**1.0580**	**0.3037**		**0.1698**	**0.0337**	**0.8544**	
EPT ≤ 3	**-0.8395**	**1.2281**	**0.2678**		**-0.3428**	**0.1117**	**0.7382**	
RPT ≤ 3	**0.5438**	**0.6994**	**0.4030**		**0.7947**	**0.9712**	**0.3244**	
FT ≥ 7	-0.3526	0.2708	0.6028		0.1208	0.0253	0.8736	
EPT ≥ 5	0.7184	0.8819	0.3477		0.2730	0.1070	0.7436	
RPT ≥ 5	-1.5134	2.9513	0.0858	*	-1.0490	1.2365	0.2661	
FT ≥ 8	-1.1582	2.1031	0.1470		-0.9690	1.1727	0.2788	
EPT ≥ 5	0.7284	0.8401	0.3594		0.3904	0.2214	0.6380	
RPT ≥ 5	-1.5363	3.1568	0.0756	*	-0.8787	0.9877	0.3203	
FT ≥ 9	-1.0767	1.5213	0.2174		-1.6727	2.7341	0.0982	*
EPT ≥ 5	0.7738	0.9461	0.3307		0.4864	0.3278	0.5670	
RPT ≥ 5	-1.5171	3.0380	0.0813	*	-0.8425	0.7752	0.3786	
FT ≥ 10	-2.0730	6.4643	0.0110	**	-2.3966	7.4611	0.0063	***
EPT ≥ 5	0.8303	1.0869	0.2972		0.5386	0.3470	0.5558	
RPT ≥ 5	-1.6289	3.1746	0.0748	*	-1.1713	1.3797	0.2401	
FT ≥ 11	**-2.5199**	**7.6590**	**0.0056**	***	**-1.6188**	**2.7661**	**0.0963**	*
EPT ≥ 6	**1.0535**	**2.2182**	**0.1364**		**0.8358**	**0.4345**	**0.5098**	
RPT ≥ 6	**0.5033**	**0.4054**	**0.5243**		**0.3817**	**0.1142**	**0.7355**	

Audit Partner Team Tenure

	Model A				*Model B*			
Variable	**Coeff.**	**Wald**	**p-Value**		**Coeff.**	**Wald**	**p-Value**	
FT	**-0.1499**	**2.6080**	**0.1063**		**-0.1348**	**1.9531**	**0.1623**	
Team	**0.0853**	**0.2119**	**0.6453**		**0.1268**	**0.4258**	**0.5141**	
FT ≤ 2	0.5616	0.8107	0.3679		0.8907	1.8389	0.1751	
Team ≤ 2	-0.4027	0.3725	0.5416		-0.6979	0.9322	0.3343	
FT ≤ 3	**0.6791**	**1.0851**	**0.2976**		**0.4326**	**0.5102**	**0.4750**	
Team ≤ 3	**0.0830**	**0.0152**	**0.9019**		**0.1214**	**0.0283**	**0.8665**	
FT ≥ 7	-0.5264	0.6806	0.4094		-0.0763	0.0137	0.9069	
Team ≥ 5	-1.1358	1.1770	0.2780		-0.6623	0.4342	0.5099	
FT ≥ 8	-1.2417	2.6966	0.1006		-1.0613	1.8534	0.1734	
Team ≥ 5	-1.1786	1.1918	0.2750		-0.7292	0.4295	0.5122	
FT ≥ 9	-1.2474	2.1493	0.1426		-1.5407	3.5970	0.0579	*
Team ≥ 5	-1.1323	1.0588	0.3035		-0.7609	0.3949	0.5297	
FT ≥ 10	-2.1701	5.5735	0.0182	**	-2.2203	5.5753	0.0182	**
Team ≥ 5	-1.1772	0.9218	0.3370		-0.7523	0.3545	0.5516	
FT ≥ 11	**-2.3912**	**8.2309**	**0.0041**	***	**-1.6846**	**2.8255**	**0.0928**	*
Team ≥ 6	**1.8204**	**1.9927**	**0.1581**		**1.0388**	**0.6139**	**0.4333**	

Appendix 83: Restate Analysis at Audit Firm Level: *Restate* on *FT*

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT	-0.0324	0.2624		0.6085	1.2950
Audit Firm-Specific Variables					
Big4	-0.5560	1.1852		0.2763	1.9879
IndExp	-0.1705	0.0564		0.8123	1.6441
Office	0.1244	1.8787		0.1705	2.2990
Client-Specific Variables					
Age	-0.1172	0.5050		0.4773	1.3814
Size	0.0937	0.6648		0.4149	2.7214
Lev	-1.5382	1.1117		0.2917	4.2322
pBank	0.2792	2.4578		0.1169	4.1473
Growth	0.6710	1.3742		0.2411	1.1877
MB	-0.0492	0.1240		0.7248	1.1231
AC	-0.6707	3.1740	*	0.0748	1.6247
Lag	0.3892	0.3769		0.5393	1.3863
Busy	-0.0340	0.0048		0.9445	1.0435
Y2008	0.4395	0.6898		0.4062	1.6876
Y2009	0.0646	0.0189		0.8906	1.7112
Intercept	-6.2564	3.6409	*	0.0564	-
Nagelkerke R^2		0.1080			
Number of Obs.		1463			

Appendix 84: Restate Analysis at Audit Firm Level: *Restate* on FT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	0.6774	4.3229	**	0.0376	1.1225
Audit Firm-Specific Variables					
Big4	-0.6368	1.4690		0.2255	1.9758
IndExp	-0.1081	0.0227		0.8803	1.6444
Office	0.1344	2.0159		0.1557	2.2894
Client-Specific Variables					
Age	-0.0939	0.3213		0.5709	1.3528
Size	0.1137	0.9297		0.3349	2.6539
Lev	-1.7418	1.2824		0.2575	4.2292
pBank	0.3021	2.4558		0.1171	4.1427
Growth	0.6522	1.2953		0.2551	1.1882
MB	-0.0439	0.0936		0.7596	1.1231
AC	-0.7003	3.2351	*	0.0721	1.6257
Lag	0.3195	0.2526		0.6152	1.3892
Busy	-0.0355	0.0055		0.9409	1.0438
Intercept	-6.7210	4.3633	**	0.0367	-
Nagelkerke R^2		0.1172			
Number of Obs.		1463			

Appendix 85: Restate Analysis at Audit Firm Level: *Restate* on FT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long}	0.0736	0.0122		0.9121	1.2304
Audit Firm-Specific Variables					
Big4	-0.5108	0.9622		0.3266	1.9605
IndExp	-0.1890	0.0697		0.7918	1.6426
Office	0.1207	1.7481		0.1861	2.2763
Client-Specific Variables					
Age	-0.1423	0.7117		0.3989	1.3431
Size	0.0734	0.3797		0.5378	2.7322
Lev	-1.4410	1.0133		0.3141	4.2354
pBank	0.2689	2.3075		0.1287	4.1484
Growth	0.6771	1.3794		0.2402	1.1861
MB	-0.0528	0.1404		0.7079	1.1237
AC	-0.6919	3.3028	*	0.0692	1.6292
Lag	0.4056	0.3973		0.5285	1.3794
Busy	-0.0427	0.0075		0.9310	1.0431
Intercept	-6.2294	3.4387	*	0.0637	-
Nagelkerke R^2		0.1071			
Number of Obs.		1463			

Appendix 86: Restate Analysis at Audit Firm Level: *Restate* on FT_{Short} and FT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	0.7240	4.3807	**	0.0363	1.1760
FT_{Long}	0.3238	0.2081		0.6483	1.2890
Audit Firm-Specific Variables					
Big4	-0.6349	1.4663		0.2259	1.9774
IndExp	-0.1132	0.0247		0.8751	1.6448
Office	0.1362	2.0303		0.1542	2.2895
Client-Specific Variables					
Age	-0.1011	0.3781		0.5386	1.3605
Size	0.1040	0.6912		0.4058	2.7407
Lev	-1.7312	1.2703		0.2597	4.2354
pBank	0.3018	2.4483		0.1177	4.1486
Growth	0.6503	1.2698		0.2598	1.1883
MB	-0.0442	0.0928		0.7606	1.1237
AC	-0.7245	3.4881	*	0.0618	1.6320
Lag	0.3019	0.2201		0.6390	1.3904
Busy	-0.0460	0.0093		0.9233	1.0439
Intercept	-6.5998	4.0609	**	0.0439	-
Nagelkerke R^2		0.1180			
Number of Obs.		1463			

Appendix 87: Restate Analysis at Audit Firm Level: *Restate* on FT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short2}	0.7260	3.6384	*	0.0565	1.0921
Audit Firm-Specific Variables					
Big4	-0.6165	1.3981		0.2370	1.9665
IndExp	-0.0896	0.0152		0.9018	1.6447
Office	0.1297	1.9021		0.1678	2.2816
Client-Specific Variables					
Age	-0.1060	0.4045		0.5248	1.3393
Size	0.1086	0.8388		0.3597	2.6449
Lev	-1.6445	1.1344		0.2868	4.2287
pBank	0.2945	2.3316		0.1268	4.1417
Growth	0.6077	1.0994		0.2944	1.1926
MB	-0.0491	0.1178		0.7314	1.1236
AC	-0.6780	3.1038	*	0.0781	1.6244
Lag	0.3386	0.2646		0.6070	1.3874
Busy	-0.0559	0.0136		0.9072	1.0431
Intercept	-6.6126	4.0386	**	0.0445	-
Nagelkerke R^2		0.1180			
Number of Obs.		1463			

Appendix 88: Restate Analysis at Audit Firm Level: *Restate* on FT_{Long7}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long7}	0.0613	0.0359		0.8498	1.2108
Audit Firm-Specific Variables					
Big4	-0.5010	0.9602		0.3271	1.9908
IndExp	-0.1900	0.0703		0.7909	1.6422
Office	0.1188	1.7270		0.1888	2.3079
Client-Specific Variables					
Age	-0.1454	0.7133		0.3984	1.3856
Size	0.0730	0.4294		0.5123	2.6619
Lev	-1.4248	1.0036		0.3164	4.2306
pBank	0.2665	2.3617		0.1243	4.1477
Growth	0.6757	1.3700		0.2418	1.1864
MB	-0.0534	0.1476		0.7008	1.1236
AC	-0.6892	3.1263	*	0.0770	1.6245
Lag	0.4166	0.4233		0.5153	1.3880
Busy	-0.0427	0.0074		0.9313	1.0441
Intercept	-6.2636	3.6482	*	0.0561	-
Nagelkerke R^2		0.1071			
Number of Obs.		1463			

Appendix 89: Restate Analysis at Audit Firm Level: *Restate* on FT_{Long8}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long8}	0.2123	0.4553		0.4998	1.2411
Audit Firm-Specific Variables					
Big4	-0.4790	0.8916		0.3451	1.9833
IndExp	-0.1825	0.0654		0.7982	1.6422
Office	0.1166	1.6880		0.1939	2.3083
Client-Specific Variables					
Age	-0.1611	0.8841		0.3471	1.3861
Size	0.0661	0.3571		0.5501	2.6733
Lev	-1.3596	0.9569		0.3280	4.2370
pBank	0.2587	2.3460		0.1256	4.1559
Growth	0.6795	1.3722		0.2414	1.1864
MB	-0.0557	0.1653		0.6843	1.1241
AC	-0.7104	3.2189	*	0.0728	1.6266
Lag	0.4271	0.4501		0.5023	1.3838
Busy	-0.0498	0.0101		0.9200	1.0434
Intercept	-6.2465	3.6185	*	0.0571	-
Nagelkerke R^2		0.1078			
Number of Obs.		1463			

Appendix 90: Restate Analysis at Audit Firm Level: *Restate* on FT_{Long9}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long9}	0.1154	0.0969		0.7555	1.2643
Audit Firm-Specific Variables					
Big4	-0.5004	0.9468		0.3305	1.9741
IndExp	-0.1835	0.0657		0.7976	1.6428
Office	0.1197	1.7403		0.1871	2.2936
Client-Specific Variables					
Age	-0.1488	0.7325		0.3921	1.3665
Size	0.0697	0.3845		0.5352	2.7040
Lev	-1.4424	1.0278		0.3107	4.2294
pBank	0.2694	2.3379		0.1263	4.1427
Growth	0.6802	1.3867		0.2390	1.1877
MB	-0.0539	0.1517		0.6969	1.1238
AC	-0.6998	3.4400	*	0.0636	1.6286
Lag	0.4074	0.4086		0.5227	1.3797
Busy	-0.0451	0.0083		0.9273	1.0435
Intercept	-6.1809	3.5006	*	0.0613	-
Nagelkerke R^2		0.1072			
Number of Obs.		1463			

Appendix 91: Restate Analysis at Audit Firm Level: *Restate* on FT_{Long10}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long10}	0.2314	0.2339		0.6287	1.2585
Audit Firm-Specific Variables					
Big4	-0.4967	0.9330		0.3341	1.9684
IndExp	-0.1853	0.0669		0.7959	1.6430
Office	0.1206	1.7435		0.1867	2.2822
Client-Specific Variables					
Age	-0.1532	0.7894		0.3743	1.3508
Size	0.0636	0.2692		0.6039	2.7261
Lev	-1.4161	0.9863		0.3207	4.2323
pBank	0.2671	2.2971		0.1296	4.1462
Growth	0.6808	1.3746		0.2410	1.1873
MB	-0.0540	0.1524		0.6963	1.1231
AC	-0.7095	3.4532	*	0.0631	1.6297
Lag	0.3998	0.3895		0.5326	1.3792
Busy	-0.0491	0.0099		0.9209	1.0433
Intercept	-6.1170	3.3376	*	0.0677	-
Nagelkerke R^2		0.1077			
Number of Obs.		1463			

Appendix 92: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on *FT* (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT	-0.0347	0.2487		0.6180	1.3047
Audit Firm-Specific Variables					
Big4	-0.5499	0.9045		0.3416	2.0204
IndExp	0.0790	0.0139		0.9061	1.6774
Office	0.1191	1.5773		0.2091	2.3621
Client-Specific Variables					
Age	-0.0197	0.0098		0.9212	1.4084
Size	0.1286	1.2260		0.2682	2.6588
Lev	-2.1912	2.4147		0.1202	4.5340
pBank	0.4204	6.3089	**	0.0120	4.4892
Growth	1.3879	9.7648	***	0.0018	1.2086
MB	-0.0441	0.1070		0.7436	1.1365
AC	-0.6595	2.4333		0.1188	1.6213
Lag	0.0429	0.0063		0.9365	1.3635
Busy	0.1257	0.0470		0.8284	1.0636
Y2008	0.3722	0.5189		0.4713	1.6979
Y2009	-0.0891	0.0296		0.8634	1.7198
Intercept	-4.9856	3.1965	*	0.0738	-
Nagelkerke R^2		0.1460			
Number of Obs.		1303			

Appendix 93: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Short} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	0.8314	5.2125	**	0.0224	1.1117
Audit Firm-Specific Variables					
Big4	-0.6705	1.2445		0.2646	2.0044
IndExp	0.1312	0.0400		0.8415	1.6772
Office	0.1299	1.7155		0.1903	2.3446
Client-Specific Variables					
Age	0.0035	0.0003		0.9854	1.3781
Size	0.1547	1.6888		0.1938	2.5970
Lev	-2.4935	2.9466	*	0.0861	4.5319
pBank	0.4625	6.8496	***	0.0089	4.4871
Growth	1.3804	10.5607	***	0.0012	1.2093
MB	-0.0334	0.0626		0.8024	1.1367
AC	-0.6974	2.5234		0.1122	1.6223
Lag	-0.0794	0.0212		0.8842	1.3687
Busy	0.1196	0.0456		0.8308	1.0642
Intercept	-5.2400	3.4794	*	0.0621	-
Nagelkerke R^2		0.1590			
Number of Obs.		1303			

Appendix 94: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Long} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long}	0.0480	0.0051		0.9428	1.2481
Audit Firm-Specific Variables					
Big4	-0.4997	0.7328		0.3920	1.9892
IndExp	0.0689	0.0104		0.9186	1.6767
Office	0.1141	1.4093		0.2352	2.3284
Client-Specific Variables					
Age	-0.0443	0.0470		0.8283	1.3770
Size	0.1096	0.8299		0.3623	2.6794
Lev	-2.0521	2.1829		0.1395	4.5369
pBank	0.4043	5.6775	**	0.0172	4.4893
Growth	1.3914	9.3657	***	0.0022	1.2069
MB	-0.0481	0.1222		0.7266	1.1375
AC	-0.6852	2.5357		0.1113	1.6263
Lag	0.0672	0.0146		0.9039	1.3539
Busy	0.1174	0.0408		0.8399	1.0627
Intercept	-5.0445	3.0362	*	0.0814	-
Nagelkerke R^2		0.1449			
Number of Obs.		1303			

Appendix 95: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Short2} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short2}	0.9066	4.5080	**	0.0337	1.0773
Audit Firm-Specific Variables					
Big4	-0.6524	1.1957		0.2742	1.9954
IndExp	0.1551	0.0555		0.8138	1.6768
Office	0.1263	1.6344		0.2011	2.3344
Client-Specific Variables					
Age	-0.0052	0.0007		0.9786	1.3681
Size	0.1435	1.4102		0.2350	2.5898
Lev	-2.3741	2.6341		0.1046	4.5309
pBank	0.4546	6.5900	**	0.0103	4.4849
Growth	1.3596	10.2865	***	0.0013	1.2116
MB	-0.0400	0.0908		0.7631	1.1372
AC	-0.6399	2.2186		0.1364	1.6203
Lag	-0.0611	0.0125		0.9110	1.3657
Busy	0.0897	0.0255		0.8732	1.0633
Intercept	-5.0919	3.3062	*	0.0690	-
Nagelkerke R^2		0.1600			
Number of Obs.		1303			

Appendix 96: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Long7} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long7}	0.0207	0.0033		0.9541	1.2158
Audit Firm-Specific Variables					
Big4	-0.4956	0.7407		0.3894	2.0223
IndExp	0.0698	0.0108		0.9173	1.6760
Office	0.1130	1.4095		0.2351	2.3735
Client-Specific Variables					
Age	-0.0445	0.0469		0.8286	1.4146
Size	0.1105	0.9721		0.3242	2.6031
Lev	-2.0502	2.1937		0.1386	4.5326
pBank	0.4035	5.8554	**	0.0155	4.4899
Growth	1.3897	9.2483	***	0.0024	1.2071
MB	-0.0481	0.1243		0.7244	1.1366
AC	-0.6825	2.3853		0.1225	1.6208
Lag	0.0725	0.0167		0.8971	1.3645
Busy	0.1185	0.0409		0.8398	1.0644
Intercept	-5.0693	3.2265	*	0.0725	-
Nagelkerke R^2		0.1449			
Number of Obs.		1303			

Appendix 97: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Long8} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long8}	0.2016	0.3648		0.5458	1.2512
Audit Firm-Specific Variables					
Big4	-0.4652	0.6671		0.4141	2.0136
IndExp	0.0810	0.0146		0.9039	1.6762
Office	0.1088	1.3195		0.2507	2.3731
Client-Specific Variables					
Age	-0.0642	0.0973		0.7551	1.4166
Size	0.1037	0.8747		0.3497	2.6142
Lev	-1.9440	2.0783		0.1494	4.5390
pBank	0.3905	5.8233	**	0.0158	4.4968
Growth	1.3896	9.2648	***	0.0023	1.2071
MB	-0.0504	0.1382		0.7101	1.1369
AC	-0.7097	2.4696		0.1161	1.6242
Lag	0.0898	0.0264		0.8709	1.3595
Busy	0.1104	0.0359		0.8497	1.0633
Intercept	-5.0879	3.2390	*	0.0719	-
Nagelkerke R^2		0.1456			
Number of Obs.		1303			

Appendix 98: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Long9} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long9}	0.1212	0.1004		0.7513	1.2810
Audit Firm-Specific Variables					
Big4	-0.4897	0.7154		0.3977	2.0041
IndExp	0.0772	0.0131		0.9090	1.6769
Office	0.1130	1.3898		0.2384	2.3539
Client-Specific Variables					
Age	-0.0527	0.0633		0.8014	1.3981
Size	0.1048	0.8711		0.3506	2.6465
Lev	-2.0428	2.2188		0.1363	4.5310
pBank	0.4044	5.7719	**	0.0163	4.4845
Growth	1.3942	9.4089	***	0.0022	1.2089
MB	-0.0497	0.1336		0.7147	1.1368
AC	-0.6997	2.6706		0.1022	1.6263
Lag	0.0649	0.0140		0.9057	1.3546
Busy	0.1152	0.0389		0.8437	1.0632
Intercept	-4.9696	3.1516	*	0.0759	-
Nagelkerke R^2		0.1451			
Number of Obs.		1303			

Appendix 99: Restate Sensitivity Analysis at Audit Firm Level: *Restate* on FT_{Long10} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long10}	0.2218	0.2030		0.6523	1.2785
Audit Firm-Specific Variables					
Big4	-0.4879	0.7094		0.3997	1.9983
IndExp	0.0733	0.0118		0.9137	1.6772
Office	0.1140	1.3946		0.2376	2.3375
Client-Specific Variables					
Age	-0.0548	0.0694		0.7922	1.3828
Size	0.0992	0.6529		0.4191	2.6709
Lev	-2.0058	2.0730		0.1499	4.5334
pBank	0.4019	5.6172	**	0.0178	4.4867
Growth	1.3999	9.3991	***	0.0022	1.2083
MB	-0.0494	0.1336		0.7147	1.1366
AC	-0.7056	2.6233		0.1053	1.6271
Lag	0.0561	0.0101		0.9198	1.3539
Busy	0.1125	0.0372		0.8471	1.0629
Intercept	-4.9158	2.9102	*	0.0880	-
Nagelkerke R^2		0.1455			
Number of Obs.		1303			

Appendix 100: Restate Analysis at Audit Partner Level: *Restate* on *EPT* and *RPT*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT	-0.3070	4.9784	**	0.0257	1.2875
RPT	-0.0181	0.0182		0.8926	1.2489
Audit Partner-Specific Variables					
EP_{Exp}	0.0333	0.8897		0.3456	1.2593
RP_{Exp}	0.0044	0.0253		0.8737	1.2043
$EP_{Ability}$	-0.2183	0.1201		0.7289	1.0482
$RP_{Ability}$	-0.2539	0.2997		0.5841	1.1432
Gender	-0.4562	0.7531		0.3855	1.0762
Audit Firm-Specific Variables					
Big4	-0.5841	1.2926		0.2556	2.0204
IndExp	-0.1127	0.0223		0.8814	1.6649
Office	0.1455	2.3904		0.1221	2.3175
Client-Specific Variables					
Age	-0.1425	0.7451		0.3880	1.3429
Size	0.0861	0.4521		0.5013	2.8564
Lev	-1.4035	0.9133		0.3392	4.2685
pBank	0.2830	2.1287		0.1446	4.1798
Growth	0.6637	1.2877		0.2565	1.1968
MB	-0.051	0.134		0.714	1.137
AC	-0.7517	3.4682	*	0.0626	1.6391
Lag	0.3880	0.3336		0.5636	1.4032
Busy	-0.0827	0.0299		0.8626	1.0490
Y2008	0.4193	0.6118		0.4341	1.6881
Y2009	0.0347	0.0055		0.9411	1.7173
Intercept	-5.8950	3.0092	*	0.0828	-
Nagelkerke R^2		0.1338			
Number of Obs.		1463			

Appendix 101: Restate Analysis at Audit Partner Level: *Restate* on EPT_{Short} and RPT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short}	0.9604	3.7548	*	0.0527	1.2691
RPT_{Short}	-0.1436	0.1128		0.7370	1.2279
Audit Partner-Specific Variables					
EP_{Exp}	0.0287	0.6548		0.4184	1.2367
RP_{Exp}	-0.0029	0.0104		0.9188	1.1833
$EP_{Ability}$	-0.2126	0.1192		0.7299	1.0483
$RP_{Ability}$	-0.2383	0.2740		0.6007	1.1435
Gender	-0.4354	0.7212		0.3957	1.0761
Audit Firm-Specific Variables					
Big4	-0.5460	1.1593		0.2816	2.0156
IndExp	-0.1630	0.0461		0.8299	1.6649
Office	0.1395	2.2481		0.1338	2.3170
Client-Specific Variables					
Age	-0.1520	0.8261		0.3634	1.3414
Size	0.0776	0.3890		0.5328	2.8555
Lev	-1.3900	0.8446		0.3581	4.2715
pBank	0.2783	2.0842		0.1488	4.1807
Growth	0.6555	1.3721		0.2415	1.1966
MB	-0.0537	0.1410		0.7073	1.1358
AC	-0.7387	3.2835	*	0.0700	1.6366
Lag	0.4040	0.3850		0.5349	1.3998
Busy	-0.0651	0.0181		0.8931	1.0487
Intercept	-7.1248	5.0304	**	0.0249	-
Nagelkerke R^2		0.1241			
Number of Obs.		1463			

Appendix 102: Restate Analysis at Audit Partner Level: *Restate* on EPT_{Long} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long}	-1.8069	2.8255	*	0.0928	1.1361
RPT_{Long}	0.5751	1.1235		0.2892	1.1175
Audit Partner-Specific Variables					
EP_{Exp}	0.0204	0.3583		0.5494	1.2184
RP_{Exp}	-0.0050	0.0324		0.8571	1.1725
$EP_{Ability}$	-0.1794	0.0843		0.7716	1.0481
$RP_{Ability}$	-0.2503	0.3123		0.5763	1.1422
Gender	-0.4728	0.8152		0.3666	1.0763
Audit Firm-Specific Variables					
Big4	-0.6023	1.3433		0.2465	2.0206
IndExp	-0.1712	0.0507		0.8219	1.6642
Office	0.1475	2.4578		0.1169	2.3154
Client-Specific Variables					
Age	-0.1657	1.0127		0.3143	1.3406
Size	0.0804	0.3755		0.5400	2.8553
Lev	-1.5574	1.1184		0.2903	4.2595
pBank	0.2897	2.4652		0.1164	4.1635
Growth	0.7119	1.4255		0.2325	1.1957
MB	-0.0522	0.1402		0.7081	1.1356
AC	-0.7433	3.5613	*	0.0591	1.6374
Lag	0.3940	0.3716		0.5421	1.4010
Busy	-0.0744	0.0242		0.8765	1.0481
Intercept	-6.3839	3.7995	*	0.0513	-
Nagelkerke R^2		0.1257			
Number of Obs.		1463			

Appendix 103: Restate Analysis at Audit Partner Level: *Restate* on EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short}	0.5636	1.0206		0.3124	1.6372
EPT_{Long}	-1.3729	1.2696		0.2598	1.4664
RPT_{Short}	0.1158	0.0517		0.8201	1.5451
RPT_{Long}	0.6716	1.0909		0.2963	1.4063
Audit Partner-Specific Variables					
EP_{Exp}	0.0274	0.6244		0.4294	1.2507
RP_{Exp}	-0.0036	0.0169		0.8965	1.1906
$EP_{Ability}$	-0.2101	0.1200		0.7290	1.0491
$RP_{Ability}$	-0.2523	0.3119		0.5765	1.1450
Gender	-0.4583	0.7884		0.3746	1.0768
Audit Firm-Specific Variables					
Big4	-0.5888	1.2773		0.2584	2.0216
IndExp	-0.1324	0.0298		0.8630	1.6649
Office	0.1468	2.4328		0.1188	2.3189
Client-Specific Variables					
Age	-0.1555	0.8983		0.3432	1.3416
Size	0.0863	0.4193		0.5173	2.8557
Lev	-1.4883	0.9828		0.3215	4.2790
pBank	0.2837	2.1830		0.1395	4.1813
Growth	0.6816	1.3534		0.2447	1.1967
MB	-0.0531	0.1419		0.7064	1.1367
AC	-0.7713	3.6174	*	0.0572	1.6378
Lag	0.4038	0.3900		0.5323	1.4025
Busy	-0.0817	0.0291		0.8644	1.0488
Intercept	-7.1404	5.0890	**	0.0241	-
Nagelkerke R^2		0.1308			
Number of Obs.		1463			

Appendix 104: Restate Analysis at Audit Partner Level: *Restate* on EPT_{Short2} and RPT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short2}	0.5727	1.5955		0.2065	1.3037
RPT_{Short2}	0.4813	1.1713		0.2791	1.2708
Audit Partner-Specific Variables					
EP_{Exp}	0.0228	0.3900		0.5323	1.2288
RP_{Exp}	0.0091	0.0983		0.7539	1.1810
$EP_{Ability}$	-0.1760	0.0735		0.7863	1.0488
$RP_{Ability}$	-0.2117	0.2206		0.6386	1.1436
Gender	-0.4344	0.6755		0.4111	1.0769
Audit Firm-Specific Variables					
Big4	-0.5587	1.1670		0.2800	2.0136
IndExp	-0.1863	0.0607		0.8054	1.6649
Office	0.1338	1.9682		0.1606	2.3145
Client-Specific Variables					
Age	-0.1467	0.7569		0.3843	1.3434
Size	0.0706	0.3239		0.5693	2.8589
Lev	-1.2477	0.7230		0.3952	4.2636
pBank	0.2509	1.7778		0.1824	4.1816
Growth	0.6104	1.0959		0.2952	1.2006
MB	-0.0500	0.1168		0.7326	1.1367
AC	-0.6888	3.0181	*	0.0823	1.6381
Lag	0.3777	0.3189		0.5723	1.4007
Busy	-0.0284	0.0035		0.9527	1.0488
Intercept	-7.0938	4.7772	**	0.0288	-
Nagelkerke R^2		0.1282			
Number of Obs.		1463			

Appendix 105: Restate Analysis at Audit Partner Level: *Restate* on EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long5}	-1.0344	3.0547	*	0.0805	1.2063
RPT_{Long5}	0.5359	1.4741		0.2247	1.1694
Audit Partner-Specific Variables					
EP_{Exp}	0.0248	0.5092		0.4755	1.2304
RP_{Exp}	-0.0065	0.0530		0.8179	1.1797
$EP_{Ability}$	-0.2001	0.1101		0.7401	1.0485
$RP_{Ability}$	-0.2367	0.2681		0.6046	1.1434
Gender	-0.4521	0.7642		0.3820	1.0762
Audit Firm-Specific Variables					
Big4	-0.5503	1.1637		0.2807	2.0161
IndExp	-0.1750	0.0536		0.8170	1.6653
Office	0.1419	2.4441		0.1180	2.3206
Client-Specific Variables					
Age	-0.1568	0.8750		0.3496	1.3412
Size	0.0733	0.3498		0.5542	2.8555
Lev	-1.4604	0.9666		0.3255	4.2630
pBank	0.2823	2.3255		0.1273	4.1677
Growth	0.6967	1.5063		0.2197	1.1954
MB	-0.0562	0.1571		0.6918	1.1355
AC	-0.7428	3.5407	*	0.0599	1.6379
Lag	0.4210	0.4122		0.5208	1.4004
Busy	-0.0561	0.0136		0.9072	1.0481
Intercept	-6.3907	3.8044	*	0.0511	-
Nagelkerke R^2		0.1231			
Number of Obs.		1463			

Appendix 106: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on *EPT* and *RPT* (*Less FT ≤ 3)*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT	-0.2269	2.7685	*	0.0961	1.1910
RPT	0.0861	0.2780		0.5980	1.1616
Audit Partner-Specific Variables					
EP_{Exp}	0.0262	0.2365		0.6268	1.3953
RP_{Exp}	-0.0288	0.9223		0.3369	1.2472
$EP_{Ability}$	-0.2000	0.0780		0.7800	1.0621
$RP_{Ability}$	-0.0981	0.0552		0.8143	1.1551
Gender	-0.8412	1.1492		0.2837	1.1145
Audit Firm-Specific Variables					
Big4	-1.4895	4.6762	**	0.0306	2.1103
IndExp	-0.6571	0.4942		0.4821	1.7314
Office	0.2048	2.4820		0.1152	2.4641
Client-Specific Variables					
Age	0.2162	0.6779		0.4103	1.4074
Size	0.1308	0.6094		0.4350	2.8680
Lev	-0.0626	0.0005		0.9819	3.7540
pBank	0.2447	0.4316		0.5112	3.5557
Growth	0.6139	0.5550		0.4563	1.2225
MB	0.0686	0.6978		0.4035	1.1991
AC	-0.4001	0.4319		0.5111	1.6241
Lag	0.6728	0.6745		0.4115	1.4159
Busy	0.1437	0.0423		0.8371	1.1026
Intercept	-9.7483	5.8311	**	0.0157	-
Nagelkerke R^2		0.2084			
Number of Obs.		954			

Appendix 107: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on EPT_{Short} and RPT_{Short} (*Less FT ≤ 3)*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short}	0.6942	1.6576		0.1979	1.1855
RPT_{Short}	-0.5138	0.8985		0.3432	1.1487
Audit Partner-Specific Variables					
EP_{Exp}	0.0186	0.1247		0.7240	1.3695
RP_{Exp}	-0.0351	1.2713		0.2595	1.2273
$EP_{Ability}$	-0.2781	0.1399		0.7084	1.0627
$RP_{Ability}$	-0.0937	0.0512		0.8211	1.1568
Gender	-0.8412	1.1889		0.2755	1.1142
Audit Firm-Specific Variables					
Big4	-1.4771	4.4011	**	0.0359	2.1078
IndExp	-0.6865	0.5373		0.4635	1.7303
Office	0.2090	2.5051		0.1135	2.4733
Client-Specific Variables					
Age	0.2332	0.8091		0.3684	1.4102
Size	0.1293	0.6015		0.4380	2.8688
Lev	-0.0642	0.0005		0.9818	3.7643
pBank	0.2618	0.5027		0.4783	3.5660
Growth	0.5841	0.4941		0.4821	1.2228
MB	0.0686	0.7207		0.3959	1.1971
AC	-0.3649	0.3582		0.5495	1.6213
Lag	0.6208	0.5596		0.4544	1.4160
Busy	0.1482	0.0438		0.8342	1.1019
Intercept	-9.9857	5.9365	**	0.0148	-
Nagelkerke R^2		0.2060			
Number of Obs.		954			

Appendix 108: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on EPT_{Long} and RPT_{Long} (*Less FT ≤ 3)*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long}	-1.7895	2.4381		0.1184	1.1421
RPT_{Long}	1.0081	3.2676	*	0.0707	1.1142
Audit Partner-Specific Variables					
EP_{Exp}	0.0169	0.1331		0.7153	1.3280
RP_{Exp}	-0.0343	1.2169		0.2700	1.2100
$EP_{Ability}$	-0.3072	0.1903		0.6627	1.0624
$RP_{Ability}$	-0.0647	0.0262		0.8714	1.1542
Gender	-0.8702	1.2807		0.2578	1.1129
Audit Firm-Specific Variables					
Big4	-1.6281	4.7764	**	0.0289	2.1095
IndExp	-0.5995	0.3995		0.5273	1.7303
Office	0.2359	3.0774	*	0.0794	2.4455
Client-Specific Variables					
Age	0.2153	0.7769		0.3781	1.3988
Size	0.1436	0.6376		0.4246	2.8571
Lev	-0.3958	0.0201		0.8872	3.7289
pBank	0.2778	0.5731		0.4490	3.5221
Growth	0.7123	0.6565		0.4178	1.2227
MB	0.0682	0.6692		0.4133	1.1971
AC	-0.4653	0.6082		0.4355	1.6226
Lag	0.6198	0.5758		0.4480	1.4170
Busy	0.1372	0.0389		0.8436	1.1017
Intercept	-10.3225	6.4607	**	0.0110	-
Nagelkerke R^2		0.2212			
Number of Obs.		954			

Appendix 109: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on EPT_{Short2} and RPT_{Short2} (*Less FT ≤ 3)*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short2}	0.6410	1.6094		0.2046	1.1351
RPT_{Short2}	0.3714	0.5075		0.4762	1.1291
Audit Partner-Specific Variables					
EP_{Exp}	0.0128	0.0557		0.8135	1.3332
RP_{Exp}	-0.0103	0.1003		0.7514	1.2113
$EP_{Ability}$	-0.1046	0.0210		0.8847	1.0637
$RP_{Ability}$	-0.0887	0.0437		0.8344	1.1558
Gender	-0.8576	1.2218		0.2690	1.1156
Audit Firm-Specific Variables					
Big4	-1.4738	4.4361	**	0.0352	2.1045
IndExp	-0.6802	0.5535		0.4569	1.7328
Office	0.1915	2.1365		0.1438	2.4564
Client-Specific Variables					
Age	0.1760	0.4468		0.5039	1.4121
Size	0.1141	0.4943		0.4820	2.8735
Lev	0.2889	0.0118		0.9137	3.7507
pBank	0.1904	0.2859		0.5929	3.5640
Growth	0.5498	0.4418		0.5063	1.2234
MB	0.0886	1.0093		0.3151	1.1971
AC	-0.3368	0.2839		0.5941	1.6234
Lag	0.6918	0.7684		0.3807	1.4149
Busy	0.1716	0.0585		0.8089	1.1031
Intercept	-10.6080	7.1096	***	0.0077	-
Nagelkerke R^2		0.2077			
Number of Obs.		954			

Appendix 110: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on EPT_{Long5} and RPT_{Long5} (*Less FT ≤ 3)*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long5}	-0.7222	1.0859		0.2974	1.1865
RPT_{Long5}	0.9946	3.3816	*	0.0659	1.1381
Audit Partner-Specific Variables					
EP_{Exp}	0.0116	0.0513		0.8208	1.3491
RP_{Exp}	-0.0375	1.5809		0.2086	1.2188
$EP_{Ability}$	-0.3817	0.2456		0.6202	1.0626
$RP_{Ability}$	-0.0517	0.0157		0.9004	1.1567
Gender	-0.8614	1.2341		0.2666	1.1127
Audit Firm-Specific Variables					
Big4	-1.5022	4.2828	**	0.0385	2.1060
IndExp	-0.6906	0.5980		0.4394	1.7306
Office	0.2237	2.9240	*	0.0873	2.4636
Client-Specific Variables					
Age	0.2578	0.9694		0.3248	1.4000
Size	0.1395	0.6480		0.4208	2.8569
Lev	-0.3823	0.0165		0.8977	3.7389
pBank	0.2982	0.6088		0.4352	3.5326
Growth	0.6296	0.5613		0.4538	1.2235
MB	0.0640	0.5910		0.4420	1.1978
AC	-0.3949	0.4514		0.5016	1.6221
Lag	0.5919	0.4792		0.4888	1.4160
Busy	0.1592	0.0519		0.8198	1.1016
Intercept	-9.9869	6.3397	**	0.0118	-
Nagelkerke R^2		0.2162			
Number of Obs.		954			

Appendix 111: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on *Team*

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
Team	-0.3122	2.7431	*	0.0977	1.1118
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0138	0.3909		0.5318	1.2875
$Team_{Ability}$	-0.1853	0.2145		0.6433	1.1028
Gender	-0.5086	0.9371		0.3330	1.0773
Audit Firm-Specific Variables					
Big4	-0.5119	0.9760		0.3232	1.9943
IndExp	-0.1793	0.0561		0.8128	1.6673
Office	0.1320	2.0381		0.1534	2.3174
Client-Specific Variables					
Age	-0.1526	0.7733		0.3792	1.3388
Size	0.0553	0.2081		0.6482	2.8257
Lev	-1.2806	0.7717		0.3797	4.2444
pBank	0.2545	1.9849		0.1589	4.1631
Growth	0.6430	1.2653		0.2606	1.1925
MB	-0.0535	0.1500		0.6985	1.1313
AC	-0.6998	2.9152	*	0.0877	1.6292
Lag	0.3966	0.3679		0.5441	1.3870
Busy	-0.0310	0.0040		0.9493	1.0449
Intercept	-5.7296	2.8694	*	0.0903	-
Nagelkerke R^2		0.1242			
Number of Obs.		1463			

Appendix 112: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on $Team_{Short}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Short}$	0.5481	1.0872		0.2971	1.0760
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0067	0.0878		0.7670	1.2522
$Team_{Ability}$	-0.1659	0.1760		0.6749	1.1026
Gender	-0.4869	0.8616		0.3533	1.0773
Audit Firm-Specific Variables					
Big4	-0.5004	0.9573		0.3279	1.9933
IndExp	-0.1955	0.0663		0.7967	1.6689
Office	0.1280	1.9244		0.1654	2.3169
Client-Specific Variables					
Age	-0.1593	0.8342		0.3611	1.3386
Size	0.0621	0.2652		0.6065	2.8250
Lev	-1.3245	0.8000		0.3711	4.2483
pBank	0.2606	2.0592		0.1513	4.1646
Growth	0.6679	1.3684		0.2421	1.1927
MB	-0.0540	0.1425		0.7058	1.1311
AC	-0.6898	2.8564	*	0.0910	1.6294
Lag	0.3972	0.3906		0.5320	1.3854
Busy	-0.0221	0.0020		0.9639	1.0449
Intercept	-6.6719	4.3722	**	0.0365	-
Nagelkerke R^2		0.1137			
Number of Obs.		1463			

Appendix 113: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on $Team_{Long}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Long}$	-0.2268	0.0457		0.8308	1.0490
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0033	0.0243		0.8761	1.2330
$Team_{Ability}$	-0.1474	0.1409		0.7074	1.1029
Gender	-0.4588	0.7585		0.3838	1.0744
Audit Firm-Specific Variables					
Big4	-0.5129	0.9701		0.3247	1.9980
IndExp	-0.2366	0.0995		0.7525	1.6672
Office	0.1288	1.9425		0.1634	2.3135
Client-Specific Variables					
Age	-0.1593	0.8576		0.3544	1.3404
Size	0.0596	0.2545		0.6139	2.8253
Lev	-1.3747	0.8564		0.3547	4.2402
pBank	0.2692	2.2042		0.1376	4.1558
Growth	0.6882	1.4321		0.2314	1.1921
MB	-0.0551	0.1503		0.6982	1.1311
AC	-0.6673	2.8493	*	0.0914	1.6290
Lag	0.3879	0.3699		0.5431	1.3866
Busy	-0.0245	0.0025		0.9605	1.0454
Intercept	-6.0202	3.4234	*	0.0643	-
Nagelkerke R^2		0.1105			
Number of Obs.		1463			

Appendix 114: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on $Team_{Short2}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Short2}$	0.9410	3.1202	*	0.0773	1.0867
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0127	0.3132		0.5757	1.2675
$Team_{Ability}$	-0.1763	0.1953		0.6585	1.1029
Gender	-0.4956	0.8953		0.3441	1.0764
Audit Firm-Specific Variables					
Big4	-0.4944	0.8792		0.3484	1.9930
IndExp	-0.1833	0.0572		0.8110	1.6671
Office	0.1296	1.9601		0.1615	2.3168
Client-Specific Variables					
Age	-0.1549	0.7949		0.3726	1.3388
Size	0.0577	0.2241		0.6360	2.8262
Lev	-1.2699	0.7571		0.3842	4.2441
pBank	0.2500	2.0047		0.1568	4.1643
Growth	0.6166	1.1580		0.2819	1.1941
MB	-0.0536	0.1511		0.6975	1.1311
AC	-0.7006	2.9128	*	0.0879	1.6287
Lag	0.4019	0.3793		0.5380	1.3865
Busy	-0.0083	0.0003		0.9864	1.0457
Intercept	-7.0552	4.7924	**	0.0286	-
Nagelkerke R^2		0.1250			
Number of Obs.		1463			

Appendix 115: Restate Sensitivity Analysis at Audit Partner Level: *Restate* on $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Long5}$	-0.5575	0.5513		0.4578	1.0768
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0053	0.0583		0.8092	1.2484
$Team_{Ability}$	-0.1643	0.1720		0.6784	1.1026
Gender	-0.4797	0.8258		0.3635	1.0762
Audit Firm-Specific Variables					
Big4	-0.5141	1.0170		0.3132	1.9940
IndExp	-0.2011	0.0710		0.7899	1.6714
Office	0.1286	1.9683		0.1606	2.3152
Client-Specific Variables					
Age	-0.1630	0.8670		0.3518	1.3388
Size	0.0616	0.2632		0.6079	2.8253
Lev	-1.3779	0.8667		0.3519	4.2378
pBank	0.2680	2.1843		0.1394	4.1534
Growth	0.6899	1.4469		0.2290	1.1920
MB	-0.0553	0.1479		0.7005	1.1311
AC	-0.6782	2.8872	*	0.0893	1.6310
Lag	0.3880	0.3720		0.5419	1.3853
Busy	-0.0350	0.0050		0.9434	1.0452
Intercept	-6.0460	3.4702	*	0.0625	-
Nagelkerke R^2		0.1122			
Number of Obs.		1463			

Appendix 116: Restate Moderator Analyses at Audit Partner Level: *Restate* on *EPT*Moderator* and *RPT*Moderator*

Variable	Coeff.	Wald	p-Value
Moderator: Audit Firm Size			
*EPT*Big4*	-0.1059	0.1759	0.6749
*RPT*Big4*	-0.1124	0.1704	0.6798
Moderator: Industry Expertise			
$EPT*IndExp_D$	-0.0894	0.1111	0.7389
$RPT*IndExp_D$	0.1394	0.2584	0.6112
Moderator: Audit Office Size			
$EPT*Office_D$	-0.3422	1.3045	0.2534
$RPT*Office_D$	0.0916	0.1253	0.7234
Moderator: Client Size			
$EPT*Size_D$	0.1415	0.3178	0.5729
$RPT*Size_D$	-0.0363	0.0175	0.8948
Moderator: Work Experience			
$EPT*EP_{ExpD}$	0.0720	0.0698	0.7917
$RPT*RP_{ExpD}$	0.3210	1.1163	0.2907

Appendix 117: Restate Moderator Analyses at Audit Partner Level: *Restate* on EPT_{Short}*Moderator and RPT_{Short}*Moderator

Variable	Coeff.	Wald	p-Value
Moderator: Audit Firm Size			
EPT_{Short}*Big4	0.2913	0.1013	0.7502
RPT_{Short}*Big4	0.3237	0.1371	0.7112
Moderator: Industry Expertise			
EPT_{Short}*$IndExp_D$	-0.0063	0.0000	0.9949
RPT_{Short}*$IndExp_D$	-0.1167	0.0178	0.8938
Moderator: Audit Office Size			
EPT_{Short}*$Office_D$	0.9932	1.2023	0.2729
RPT_{Short}*$Office_D$	-0.1544	0.0360	0.8495
Moderator: Client Size			
EPT_{Short}*$Size_D$	0.1357	0.0245	0.8755
RPT_{Short}*$Size_D$	0.6599	0.5787	0.4468
Moderator: Work Experience			
EPT_{Short}*Exp_D	0.1989	0.0416	0.8384
RPT_{Short}*Exp_D	-0.0711	0.0073	0.9321

Appendix 118: Restate Joint Analysis: *Restate* on *FT*, *EPT* and *RPT*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT	0.0179	0.1025		0.7489	1.5175
EPT	-0.3119	5.6340	**	0.0176	1.3450
RPT	-0.0295	0.0497		0.8237	1.3323
Audit Partner-Specific Variables					
EP_{Exp}	0.0339	0.9284		0.3353	1.2640
RP_{Exp}	0.0053	0.0362		0.8492	1.2120
$EP_{Ability}$	-0.2113	0.1133		0.7364	1.0500
$RP_{Ability}$	-0.2578	0.3075		0.5792	1.1432
Gender	-0.4635	0.7604		0.3832	1.0767
Audit Firm-Specific Variables					
Big4	-0.5627	1.2460		0.2643	2.0461
IndExp	-0.1273	0.0276		0.8682	1.6674
Office	0.1429	2.3092		0.1286	2.3480
Client-Specific Variables					
Age	-0.1546	0.8917		0.3450	1.4007
Size	0.0755	0.3454		0.5568	2.9653
Lev	-1.3362	0.8281		0.3628	4.2827
pBank	0.2749	2.0789		0.1493	4.1977
Growth	0.6659	1.2878		0.2565	1.1978
MB	-0.0536	0.1473		0.7011	1.1367
AC	-0.7620	3.6263	*	0.0569	1.6400
Lag	0.3978	0.3509		0.5536	1.4063
Busy	-0.0850	0.0315		0.8591	1.0495
Y2008	0.4264	0.6360		0.4252	1.6950
Y2009	0.0387	0.0067		0.9348	1.7210
Intercept	-5.8607	2.9825	*	0.0842	-
Nagelkerke R^2	0.1341				
Number of Obs.	1463				

Appendix 119: Restate Joint Analysis: *Restate* on FT_{Short}, EPT_{Short} and RPT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short}	0.5882	2.0963		0.1477	1.6582
EPT_{Short}	0.7824	2.3325		0.1267	1.4289
RPT_{Short}	-0.4328	0.7071		0.4004	1.4518
Audit Partner-Specific Variables					
EP_{Exp}	0.0249	0.4665		0.4946	1.2472
RP_{Exp}	-0.0052	0.0361		0.8493	1.1854
$EP_{Ability}$	-0.2353	0.1398		0.7085	1.0484
$RP_{Ability}$	-0.2337	0.2651		0.6067	1.1440
Gender	-0.4126	0.6490		0.4205	1.0770
Audit Firm-Specific Variables					
Big4	-0.6244	1.4970		0.2211	2.0322
IndExp	-0.1320	0.0301		0.8622	1.6669
Office	0.1492	2.4328		0.1188	2.3441
Client-Specific Variables					
Age	-0.1177	0.5152		0.4729	1.3713
Size	0.1041	0.6968		0.4039	2.8872
Lev	-1.6926	1.1053		0.2931	4.2893
pBank	0.3135	2.3337		0.1266	4.1989
Growth	0.6464	1.3165		0.2512	1.1977
MB	-0.0477	0.1150		0.7345	1.1358
AC	-0.7325	3.2750	*	0.0703	1.6377
Lag	0.3242	0.2370		0.6264	1.4072
Busy	-0.0672	0.0197		0.8883	1.0492
Intercept	-6.9784	4.7378	**	0.0295	-
Nagelkerke R^2		0.1290			
Number of Obs.		1463			

Appendix 120: Restate Joint Analysis: *Restate* on FT_{Long}, EPT_{Long} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long}	0.0828	0.0141		0.9055	1.2389
EPT_{Long}	-1.8026	2.8167	*	0.0933	1.1361
RPT_{Long}	0.5708	1.0956		0.2952	1.1193
Audit Partner-Specific Variables					
EP_{Exp}	0.0202	0.3503		0.5540	1.2198
RP_{Exp}	-0.0048	0.0290		0.8648	1.1752
$EP_{Ability}$	-0.1758	0.0828		0.7736	1.0494
$RP_{Ability}$	-0.2508	0.3132		0.5757	1.1423
Gender	-0.4770	0.8216		0.3647	1.0768
Audit Firm-Specific Variables					
Big4	-0.5993	1.3374		0.2475	2.0250
IndExp	-0.1776	0.0533		0.8175	1.6652
Office	0.1474	2.4498		0.1175	2.3156
Client-Specific Variables					
Age	-0.1687	1.0987		0.2945	1.3550
Size	0.0768	0.3121		0.5764	2.9632
Lev	-1.5461	1.0997		0.2943	4.2667
pBank	0.2891	2.4511		0.1174	4.1704
Growth	0.7118	1.4172		0.2339	1.1958
MB	-0.0525	0.1405		0.7078	1.1363
AC	-0.7498	3.7882	*	0.0516	1.6427
Lag	0.3894	0.3528		0.5525	1.4015
Busy	-0.0768	0.0260		0.8719	1.0483
Intercept	-6.3280	3.4663	*	0.0626	-
Nagelkerke R^2		0.1258			
Number of Obs.		1463			

Appendix 121: Restate Joint Analysis: *Restate* on FT_{Short2}, EPT_{Short2} and RPT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short2}	0.2060	0.2085		0.6480	1.8075
EPT_{Short2}	0.5025	1.1787		0.2776	1.5054
RPT_{Short2}	0.3980	0.6810		0.4093	1.5760
Audit Partner-Specific Variables					
EP_{Exp}	0.0211	0.3066		0.5798	1.2386
RP_{Exp}	0.0082	0.0816		0.7751	1.1816
$EP_{Ability}$	-0.1869	0.0792		0.7784	1.0491
$RP_{Ability}$	-0.2064	0.2106		0.6463	1.1442
Gender	-0.4221	0.6281		0.4281	1.0791
Audit Firm-Specific Variables					
Big4	-0.5832	1.2858		0.2568	2.0218
IndExp	-0.1672	0.0486		0.8256	1.6688
Office	0.1361	2.0111		0.1562	2.3274
Client-Specific Variables					
Age	-0.1382	0.6540		0.4187	1.3591
Size	0.0791	0.4051		0.5245	2.8838
Lev	-1.3290	0.7753		0.3786	4.2746
pBank	0.2618	1.8820		0.1701	4.1965
Growth	0.6027	1.0746		0.2999	1.2025
MB	-0.0493	0.1136		0.7361	1.1369
AC	-0.6823	2.9907	*	0.0837	1.6384
Lag	0.3582	0.2767		0.5989	1.4050
Busy	-0.0337	0.0050		0.9439	1.0488
Intercept	-7.0551	4.6439	**	0.0312	-
Nagelkerke R^2		0.1288			
Number of Obs.		1463			

Appendix 122: Restate Joint Analysis: *Restate* on FT_{Long7}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long7}	0.0826	0.0602		0.8062	1.2670
EPT_{Long5}	-1.0372	3.1014	*	0.0782	1.2178
RPT_{Long5}	0.5161	1.4778		0.2241	1.1929
Audit Partner-Specific Variables					
EP_{Exp}	0.0252	0.5304		0.4664	1.2321
RP_{Exp}	-0.0060	0.0453		0.8314	1.1864
$EP_{Ability}$	-0.1963	0.1057		0.7451	1.0504
$RP_{Ability}$	-0.2397	0.2756		0.5996	1.1436
Gender	-0.4552	0.7685		0.3807	1.0763
Audit Firm-Specific Variables					
Big4	-0.5378	1.1394		0.2858	2.0491
IndExp	-0.1843	0.0578		0.8100	1.6658
Office	0.1395	2.3255		0.1273	2.3574
Client-Specific Variables					
Age	-0.1645	0.9488		0.3300	1.3984
Size	0.0690	0.3142		0.5751	2.8937
Lev	-1.4198	0.9070		0.3409	4.2676
pBank	0.2772	2.3039		0.1290	4.1775
Growth	0.6946	1.4875		0.2226	1.1958
MB	-0.0574	0.1678		0.6820	1.1357
AC	-0.7480	3.5593	*	0.0592	1.6387
Lag	0.4311	0.4212		0.5164	1.4070
Busy	-0.0578	0.0144		0.9045	1.0492
Intercept	-6.3917	3.8088	*	0.0510	-
Nagelkerke R^2		0.1232			
Number of Obs.		1463			

Appendix 123: Restate Joint Analysis: *Restate* on FT_{Long8}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long8}	0.1740	0.3053		0.5806	1.2656
EPT_{Long5}	-1.0126	3.0466	*	0.0809	1.2085
RPT_{Long5}	0.5084	1.4020		0.2364	1.1781
Audit Partner-Specific Variables					
EP_{Exp}	0.0251	0.5247		0.4689	1.2309
RP_{Exp}	-0.0055	0.0377		0.8461	1.1865
$EP_{Ability}$	-0.1912	0.0996		0.7523	1.0512
$RP_{Ability}$	-0.2481	0.2959		0.5865	1.1436
Gender	-0.4562	0.7672		0.3811	1.0762
Audit Firm-Specific Variables					
Big4	-0.5250	1.0984		0.2946	2.0433
IndExp	-0.1903	0.0621		0.8033	1.6660
Office	0.1375	2.3102		0.1285	2.3569
Client-Specific Variables					
Age	-0.1740	1.0692		0.3011	1.3984
Size	0.0642	0.2713		0.6025	2.9067
Lev	-1.3784	0.8894		0.3457	4.2740
pBank	0.2717	2.3137		0.1282	4.1852
Growth	0.6972	1.4851		0.2230	1.1958
MB	-0.0591	0.1820		0.6696	1.1362
AC	-0.7602	3.6288	*	0.0568	1.6412
Lag	0.4352	0.4382		0.5080	1.4039
Busy	-0.0593	0.0151		0.9023	1.0485
Intercept	-6.3617	3.7759	*	0.0520	-
Nagelkerke R^2		0.1236			
Number of Obs.		1463			

Appendix 124: Restate Joint Analysis: *Restate* on FT_{Long9}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long9}	0.0782	0.0427		0.8363	1.2815
EPT_{Long5}	-1.0280	3.0092	*	0.0828	1.2076
RPT_{Long5}	0.5259	1.4758		0.2244	1.1775
Audit Partner-Specific Variables					
EP_{Exp}	0.0246	0.4997		0.4796	1.2305
RP_{Exp}	-0.0063	0.0493		0.8243	1.1828
$EP_{Ability}$	-0.1986	0.1086		0.7418	1.0497
$RP_{Ability}$	-0.2379	0.2697		0.6035	1.1434
Gender	-0.4545	0.7663		0.3814	1.0762
Audit Firm-Specific Variables					
Big4	-0.5430	1.1500		0.2836	2.0338
IndExp	-0.1783	0.0552		0.8143	1.6663
Office	0.1410	2.4108		0.1205	2.3407
Client-Specific Variables					
Age	-0.1628	0.9243		0.3363	1.3779
Size	0.0687	0.3100		0.5777	2.9331
Lev	-1.4533	0.9656		0.3258	4.2644
pBank	0.2818	2.3392		0.1262	4.1695
Growth	0.6983	1.5054		0.2198	1.1973
MB	-0.0574	0.1679		0.6820	1.1361
AC	-0.7518	3.8457	**	0.0499	1.6432
Lag	0.4192	0.4080		0.5230	1.4006
Busy	-0.0576	0.0143		0.9047	1.0487
Intercept	-6.3243	3.6768	*	0.0552	-
Nagelkerke R^2		0.1232			
Number of Obs.		1463			

Appendix 125: Restate Joint Analysis: *Restate* on FT_{Long10}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long10}	0.1808	0.1342		0.7141	1.2689
EPT_{Long5}	-1.0209	2.9382	*	0.0865	1.2066
RPT_{Long5}	0.5180	1.4091		0.2352	1.1735
Audit Partner-Specific Variables					
EP_{Exp}	0.0244	0.4897		0.4840	1.2308
RP_{Exp}	-0.0060	0.0454		0.8313	1.1817
$EP_{Ability}$	-0.1942	0.1046		0.7464	1.0502
$RP_{Ability}$	-0.2372	0.2686		0.6043	1.1434
Gender	-0.4556	0.7679		0.3809	1.0764
Audit Firm-Specific Variables					
Big4	-0.5374	1.1341		0.2869	2.0282
IndExp	-0.1861	0.0593		0.8077	1.6664
Office	0.1407	2.4009		0.1213	2.3280
Client-Specific Variables					
Age	-0.1664	0.9933		0.3189	1.3620
Size	0.0628	0.2177		0.6408	2.9527
Lev	-1.4328	0.9315		0.3345	4.2674
pBank	0.2802	2.3004		0.1293	4.1732
Growth	0.7003	1.4954		0.2214	1.1968
MB	-0.0580	0.1734		0.6771	1.1355
AC	-0.7604	3.8809	**	0.0488	1.6442
Lag	0.4112	0.3872		0.5338	1.4005
Busy	-0.0604	0.0158		0.8999	1.0485
Intercept	-6.2417	3.4127	*	0.0647	-
Nagelkerke R^2		0.1235			
Number of Obs.		1463			

Appendix 126: Restate Joint Sensitivity Analysis: *Restate* on *FT*, *EPT* and *RPT* (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT	0.0111	0.0293		0.8641	1.4752
EPT	-0.3526	5.4117	**	0.0200	1.3006
RPT	-0.0181	0.0175		0.8947	1.2885
Audit Partner-Specific Variables					
EP_{Exp}	0.0522	1.7337		0.1879	1.2926
RP_{Exp}	0.0027	0.0098		0.9212	1.2212
$EP_{Ability}$	0.1248	0.0418		0.8380	1.0605
$RP_{Ability}$	-0.1417	0.0965		0.7560	1.1413
Gender	-0.6529	1.1301		0.2877	1.0758
Audit Firm-Specific Variables					
Big4	-0.5097	0.7271		0.3938	2.0816
IndExp	0.1796	0.0634		0.8012	1.7031
Office	0.1315	1.8327		0.1758	2.4210
Client-Specific Variables					
Age	-0.0639	0.1119		0.7380	1.4253
Size	0.1019	0.6043		0.4370	2.8879
Lev	-1.9468	1.9705		0.1604	4.5911
pBank	0.4305	5.4257	**	0.0198	4.5423
Growth	1.4277	11.8570	***	0.0006	1.2184
MB	-0.0504	0.1572		0.6918	1.1531
AC	-0.7569	2.7765	*	0.0957	1.6367
Lag	0.1154	0.0369		0.8477	1.3897
Busy	-0.0502	0.0092		0.9236	1.0714
Intercept	-4.5265	2.2592		0.1328	-
Nagelkerke R^2		0.1814			
Number of Obs.		1303			

Appendix 127: Restate Joint Sensitivity Analysis: *Restate* on FT_{Short}, EPT_{Short} and RPT_{Short} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short}	0.6831	2.3010		0.1293	1.5723
EPT_{Short}	0.9466	2.4611		0.1167	1.3888
RPT_{Short}	-0.4351	0.6286		0.4279	1.4070
Audit Partner-Specific Variables					
EP_{Exp}	0.0445	1.1576		0.2820	1.2772
RP_{Exp}	-0.0087	0.1056		0.7452	1.1972
$EP_{Ability}$	0.0535	0.0078		0.9298	1.0600
$RP_{Ability}$	-0.1561	0.1205		0.7285	1.1434
Gender	-0.6019	1.0828		0.2981	1.0762
Audit Firm-Specific Variables					
Big4	-0.6003	1.0018		0.3169	2.0633
IndExp	0.1190	0.0287		0.8655	1.7023
Office	0.1379	2.0203		0.1552	2.4157
Client-Specific Variables					
Age	-0.0279	0.0217		0.8830	1.3937
Size	0.1311	1.0739		0.3001	2.8110
Lev	-2.3479	2.6820		0.1015	4.5950
pBank	0.4781	6.8388	***	0.0089	4.5414
Growth	1.3621	11.9782	***	0.0005	1.2190
MB	-0.0377	0.0949		0.7580	1.1521
AC	-0.7382	2.6046		0.1066	1.6343
Lag	0.0118	0.0004		0.9844	1.3915
Busy	-0.0016	0.0000		0.9976	1.0717
Intercept	-5.7313	3.6122	*	0.0574	-
Nagelkerke R^2		0.1764			
Number of Obs.		1303			

Appendix 128: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long}, EPT_{Long} and RPT_{Long} (*Less* $Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long}	0.0600	0.0075		0.9310	1.2558
EPT_{Long}	-2.0232	2.3449		0.1257	1.1322
RPT_{Long}	0.6637	1.5435		0.2141	1.1149
Audit Partner-Specific Variables					
EP_{Exp}	0.0364	1.0100		0.3149	1.2433
RP_{Exp}	-0.0097	0.1188		0.7303	1.1821
$EP_{Ability}$	0.1274	0.0503		0.8226	1.0603
$RP_{Ability}$	-0.1013	0.0595		0.8072	1.1412
Gender	-0.6954	1.3311		0.2486	1.0762
Audit Firm-Specific Variables					
Big4	-0.5509	0.8032		0.3701	2.0534
IndExp	0.1257	0.0308		0.8606	1.7019
Office	0.1411	2.1307		0.1444	2.3685
Client-Specific Variables					
Age	-0.0759	0.1581		0.6909	1.3842
Size	0.1056	0.5321		0.4657	2.8940
Lev	-2.1973	2.5434		0.1108	4.5753
pBank	0.4416	6.5490	**	0.0105	4.5206
Growth	1.4795	11.8199	***	0.0006	1.2166
MB	-0.0552	0.1917		0.6615	1.1535
AC	-0.7648	3.0126	*	0.0826	1.6405
Lag	0.1393	0.0531		0.8178	1.3802
Busy	-0.0186	0.0013		0.9707	1.0699
Intercept	-5.3748	2.8615	*	0.0907	-
Nagelkerke R^2		0.1722			
Number of Obs.		1303			

Appendix 129: Restate Joint Sensitivity Analysis: *Restate* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} ($Less\ Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short2}	0.2518	0.2508		0.6165	1.6502
EPT_{Short2}	0.6622	1.6467		0.1994	1.4319
RPT_{Short2}	0.4941	0.9063		0.3411	1.4793
Audit Partner-Specific Variables					
EP_{Exp}	0.0388	0.7936		0.3730	1.2638
RP_{Exp}	0.0094	0.1174		0.7319	1.1888
$EP_{Ability}$	0.1490	0.0528		0.8183	1.0602
$RP_{Ability}$	-0.1123	0.0629		0.8020	1.1434
Gender	-0.6182	1.0301		0.3101	1.0773
Audit Firm-Specific Variables					
Big4	-0.5348	0.7922		0.3734	2.0515
IndExp	0.1049	0.0219		0.8823	1.7032
Office	0.1221	1.5320		0.2158	2.3887
Client-Specific Variables					
Age	-0.0371	0.0346		0.8525	1.3828
Size	0.0920	0.4867		0.4854	2.8100
Lev	-1.9183	1.8580		0.1729	4.5842
pBank	0.4105	5.3114	**	0.0212	4.5446
Growth	1.3572	9.9607	***	0.0016	1.2216
MB	-0.0394	0.0935		0.7598	1.1536
AC	-0.6390	2.0443		0.1528	1.6337
Lag	0.0213	0.0013		0.9710	1.3884
Busy	0.0551	0.0104		0.9186	1.0706
Intercept	-5.6993	3.6074	*	0.0575	-
Nagelkerke R^2		0.1784			
Number of Obs.		1303			

Appendix 130: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long7}	0.0085	0.0005		0.9825	1.2643
EPT_{Long5}	-1.1072	2.7271	*	0.0987	1.2089
RPT_{Long5}	0.6354	2.2035		0.1377	1.1816
Audit Partner-Specific Variables					
EP_{Exp}	0.0428	1.3637		0.2429	1.2588
RP_{Exp}	-0.0110	0.1496		0.6989	1.1952
$EP_{Ability}$	0.0862	0.0218		0.8827	1.0610
$RP_{Ability}$	-0.0910	0.0426		0.8364	1.1417
Gender	-0.6613	1.2517		0.2632	1.0754
Audit Firm-Specific Variables					
Big4	-0.4767	0.6553		0.4182	2.0837
IndExp	0.0849	0.0138		0.9064	1.7021
Office	0.1288	1.9126		0.1667	2.4317
Client-Specific Variables					
Age	-0.0534	0.0724		0.7878	1.4240
Size	0.0939	0.5693		0.4506	2.8180
Lev	-2.0673	2.2011		0.1379	4.5773
pBank	0.4345	6.4016	**	0.0114	4.5279
Growth	1.4330	12.0553	***	0.0005	1.2167
MB	-0.0567	0.1998		0.6549	1.1522
AC	-0.7450	2.7644	*	0.0964	1.6353
Lag	0.1724	0.0789		0.7789	1.3885
Busy	0.0142	0.0007		0.9784	1.0716
Intercept	-5.2877	3.2387	*	0.0719	-
Nagelkerke R^2		0.1678			
Number of Obs.		1303			

Appendix 131: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long8}	0.1150	0.1146		0.7350	1.2718
EPT_{Long5}	-1.0844	2.7049		0.1000	1.2008
RPT_{Long5}	0.6193	2.0644		0.1508	1.1682
Audit Partner-Specific Variables					
EP_{Exp}	0.0427	1.3362		0.2477	1.2575
RP_{Exp}	-0.0103	0.1311		0.7173	1.1950
$EP_{Ability}$	0.0934	0.0252		0.8739	1.0618
$RP_{Ability}$	-0.0924	0.0445		0.8328	1.1416
Gender	-0.6644	1.2522		0.2631	1.0751
Audit Firm-Specific Variables					
Big4	-0.4591	0.6181		0.4318	2.0761
IndExp	0.0789	0.0120		0.9128	1.7024
Office	0.1253	1.8482		0.1740	2.4293
Client-Specific Variables					
Age	-0.0645	0.1050		0.7459	1.4246
Size	0.0891	0.5186		0.4714	2.8307
Lev	-2.0052	2.1966		0.1383	4.5836
pBank	0.4258	6.5769	**	0.0103	4.5343
Growth	1.4334	12.0401	***	0.0005	1.2167
MB	-0.0588	0.2180		0.6406	1.1524
AC	-0.7574	2.8164	*	0.0933	1.6391
Lag	0.1830	0.0929		0.7605	1.3848
Busy	0.0134	0.0006		0.9797	1.0705
Intercept	-5.2891	3.2670	*	0.0707	-
Nagelkerke R^2		0.1680			
Number of Obs.		1303			

Appendix 132: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long9}	0.0523	0.0170		0.8962	1.2945
EPT_{Long5}	-1.1012	2.6816		0.1015	1.2002
RPT_{Long5}	0.6308	2.1405		0.1435	1.1683
Audit Partner-Specific Variables					
EP_{Exp}	0.0425	1.2958		0.2550	1.2569
RP_{Exp}	-0.0109	0.1511		0.6974	1.1904
$EP_{Ability}$	0.0873	0.0224		0.8811	1.0604
$RP_{Ability}$	-0.0900	0.0422		0.8372	1.1418
Gender	-0.6638	1.2487		0.2638	1.0751
Audit Firm-Specific Variables					
Big4	-0.4743	0.6524		0.4193	2.0653
IndExp	0.0844	0.0139		0.9062	1.7028
Office	0.1284	1.9705		0.1604	2.4072
Client-Specific Variables					
Age	-0.0568	0.0796		0.7778	1.4050
Size	0.0913	0.5578		0.4552	2.8592
Lev	-2.0652	2.3095		0.1286	4.5730
pBank	0.4348	6.5196	**	0.0107	4.5190
Growth	1.4349	12.2027	***	0.0005	1.2187
MB	-0.0578	0.2062		0.6498	1.1524
AC	-0.7524	3.0069	*	0.0829	1.6411
Lag	0.1684	0.0808		0.7763	1.3807
Busy	0.0139	0.0007		0.9788	1.0704
Intercept	-5.2350	3.2532	*	0.0713	-
Nagelkerke R^2		0.1678			
Number of Obs.		1303			

Appendix 133: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long10}	0.1533	0.0919		0.7618	1.2860
EPT_{Long5}	-1.0916	2.6006		0.1068	1.1998
RPT_{Long5}	0.6206	2.0515		0.1521	1.1650
Audit Partner-Specific Variables					
EP_{Exp}	0.0422	1.2904		0.2560	1.2571
RP_{Exp}	-0.0105	0.1391		0.7092	1.1890
$EP_{Ability}$	0.0956	0.0274		0.8685	1.0608
$RP_{Ability}$	-0.0875	0.0396		0.8422	1.1417
Gender	-0.6681	1.2638		0.2609	1.0752
Audit Firm-Specific Variables					
Big4	-0.4688	0.6388		0.4241	2.0592
IndExp	0.0769	0.0113		0.9153	1.7031
Office	0.1280	1.9579		0.1617	2.3890
Client-Specific Variables					
Age	-0.0603	0.0916		0.7622	1.3892
Size	0.0852	0.4058		0.5241	2.8816
Lev	-2.0397	2.1842		0.1394	4.5759
pBank	0.4337	6.3641	**	0.0116	4.5219
Growth	1.4434	12.0893	***	0.0005	1.2180
MB	-0.0591	0.2219		0.6376	1.1522
AC	-0.7623	3.0399	*	0.0812	1.6416
Lag	0.1563	0.0664		0.7966	1.3804
Busy	0.0131	0.0006		0.9800	1.0701
Intercept	-5.1363	2.8418	*	0.0918	-
Nagelkerke R^2		0.1680			
Number of Obs.		1303			

Appendix 134: Restate Joint Sensitivity Analysis: *Restate* on *FT* and *Team*

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT	-0.0079	0.0181		0.8929	1.3344
Team	-0.3090	2.9622	*	0.0852	1.1453
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0136	0.3809		0.5371	1.2895
$Team_{Ability}$	-0.1847	0.2132		0.6442	1.1028
Gender	-0.5045	0.9062		0.3411	1.0779
Audit Firm-Specific Variables					
Big4	-0.5224	1.0696		0.3010	2.0248
IndExp	-0.1738	0.0520		0.8197	1.6698
Office	0.1332	2.1059		0.1467	2.3436
Client-Specific Variables					
Age	-0.1469	0.7503		0.3864	1.3944
Size	0.0599	0.2339		0.6286	2.9242
Lev	-1.3075	0.7906		0.3739	4.2502
pBank	0.2574	2.0827		0.1490	4.1719
Growth	0.6416	1.2616		0.2614	1.1938
MB	-0.0525	0.1475		0.7009	1.1314
AC	-0.6955	3.0271	*	0.0819	1.6299
Lag	0.3917	0.3578		0.5497	1.3929
Busy	-0.0309	0.0041		0.9492	1.0454
Intercept	-5.7344	2.8739	*	0.090	-
Nagelkerke R^2		0.1243			
Number of Obs.		1463			

Appendix 135: Restate Joint Sensitivity Analysis: *Restate* on FT_{Short} and $Team_{Short}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	0.6007	3.0494	*	0.0808	1.2514
$Team_{Short}$	0.2641	0.2272		0.6336	1.1977
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0054	0.0574		0.8107	1.2528
$Team_{Ability}$	-0.1584	0.1587		0.6904	1.1026
Gender	-0.4406	0.6987		0.4032	1.0785
Audit Firm-Specific Variables					
Big4	-0.6099	1.3996		0.2368	2.0125
IndExp	-0.1488	0.0384		0.8446	1.6703
Office	0.1404	2.1740		0.1404	2.3358
Client-Specific Variables					
Age	-0.1171	0.4819		0.4876	1.3652
Size	0.0938	0.5813		0.4458	2.8498
Lev	-1.6252	1.0789		0.2989	4.2517
pBank	0.2941	2.3157		0.1281	4.1694
Growth	0.6577	1.3384		0.2473	1.1940
MB	-0.0457	0.0990		0.7530	1.1311
AC	-0.6897	2.8959	*	0.0888	1.6302
Lag	0.3070	0.2269		0.6339	1.3948
Busy	-0.0228	0.0023		0.9618	1.0458
Intercept	-6.7273	4.4863	**	0.034	-
Nagelkerke R^2		0.1208			
Number of Obs.		1463			

Appendix 136: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long} and $Team_{Long}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long}	0.1211	0.0322		0.8576	1.2315
$Team_{Long}$	-0.2247	0.0446		0.8327	1.0492
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0034	0.0260		0.8719	1.2331
$Team_{Ability}$	-0.1482	0.1414		0.7069	1.1029
Gender	-0.4646	0.7685		0.3807	1.0750
Audit Firm-Specific Variables					
Big4	-0.5092	0.9636		0.3263	2.0031
IndExp	-0.2422	0.1030		0.7482	1.6684
Office	0.1291	1.9395		0.1637	2.3136
Client-Specific Variables					
Age	-0.1641	0.9446		0.3311	1.3550
Size	0.0547	0.1920		0.6613	2.9339
Lev	-1.3601	0.8387		0.3598	4.2469
pBank	0.2683	2.1912		0.1388	4.1623
Growth	0.6885	1.4242		0.2327	1.1921
MB	-0.0556	0.1512		0.6974	1.1317
AC	-0.6767	3.0488	*	0.0808	1.6337
Lag	0.3824	0.3531		0.5524	1.3868
Busy	-0.0277	0.0032		0.9550	1.0455
Intercept	-5.9543	3.1867	*	0.074	-
Nagelkerke R^2		0.1106			
Number of Obs.		1463			

Appendix 137: Restate Joint Sensitivity Analysis: *Restate* on FT_{Short2} and $Team_{Short2}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short2}	0.4462	1.3257		0.2496	1.2819
$Team_{Short2}$	0.7636	1.9863		0.1587	1.2677
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0116	0.2504		0.6168	1.2676
$Team_{Ability}$	-0.1684	0.1808		0.6707	1.1029
Gender	-0.4560	0.7292		0.3932	1.0787
Audit Firm-Specific Variables					
Big4	-0.5659	1.1719		0.2790	2.0031
IndExp	-0.1387	0.0323		0.8573	1.6696
Office	0.1356	2.0770		0.1495	2.3260
Client-Specific Variables					
Age	-0.1329	0.5978		0.4394	1.3517
Size	0.0779	0.3821		0.5365	2.8428
Lev	-1.4184	0.8603		0.3537	4.2452
pBank	0.2694	2.1325		0.1442	4.1667
Growth	0.5902	1.0576		0.3038	1.1983
MB	-0.0507	0.1312		0.7172	1.1314
AC	-0.6851	2.8693	*	0.0903	1.6287
Lag	0.3525	0.2758		0.5995	1.3928
Busy	-0.0263	0.0030		0.9562	1.0457
Intercept	-7.0851	4.7855	**	0.029	-
Nagelkerke R^2		0.1287			
Number of Obs.		1463			

Appendix 138: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long7} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long7}	0.1009	0.0921		0.7616	1.2165
$Team_{Long5}$	-0.5669	0.5646		0.4524	1.0799
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0058	0.0675		0.7951	1.2513
$Team_{Ability}$	-0.1667	0.1765		0.6744	1.1026
Gender	-0.4839	0.8364		0.3604	1.0764
Audit Firm-Specific Variables					
Big4	-0.4955	0.9876		0.3203	2.0303
IndExp	-0.2104	0.0764		0.7822	1.6722
Office	0.1256	1.8896		0.1692	2.3479
Client-Specific Variables					
Age	-0.1731	0.9600		0.3272	1.3973
Size	0.0557	0.2171		0.6413	2.8638
Lev	-1.3284	0.8045		0.3698	4.2401
pBank	0.2621	2.1685		0.1409	4.1599
Growth	0.6871	1.4202		0.2334	1.1923
MB	-0.0567	0.1592		0.6899	1.1314
AC	-0.6827	2.9062	*	0.0882	1.6312
Lag	0.4004	0.3884		0.5332	1.3939
Busy	-0.0369	0.0056		0.9406	1.0464
Intercept	-6.0400	3.4667	*	0.063	-
Nagelkerke R^2		0.1124			
Number of Obs.		1463			

Appendix 139: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long8} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long8}	0.2381	0.5581		0.4550	1.2443
$Team_{Long5}$	-0.5457	0.5313		0.4661	1.0769
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0064	0.0827		0.7736	1.2513
$Team_{Ability}$	-0.1731	0.1908		0.6622	1.1026
Gender	-0.4873	0.8398		0.3594	1.0762
Audit Firm-Specific Variables					
Big4	-0.4759	0.9197		0.3375	2.0240
IndExp	-0.2107	0.0773		0.7810	1.6725
Office	0.1232	1.8520		0.1736	2.3482
Client-Specific Variables					
Age	-0.1881	1.1462		0.2844	1.3971
Size	0.0491	0.1679		0.6820	2.8780
Lev	-1.2649	0.7637		0.3822	4.2465
pBank	0.2551	2.1652		0.1412	4.1681
Growth	0.6948	1.4449		0.2293	1.1923
MB	-0.0588	0.1765		0.6744	1.1319
AC	-0.7023	3.0212	*	0.0822	1.6332
Lag	0.4097	0.4142		0.5198	1.3900
Busy	-0.0423	0.0073		0.9319	1.0456
Intercept	-6.0241	3.4472	*	0.063	-
Nagelkerke R^2		0.1132			
Number of Obs.		1463			

Appendix 140: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long9} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long9}	0.1424	0.1401		0.7082	1.2648
$Team_{Long5}$	-0.5556	0.5466		0.4597	1.0770
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0055	0.0620		0.8034	1.2485
$Team_{Ability}$	-0.1649	0.1721		0.6783	1.1026
Gender	-0.4853	0.8371		0.3602	1.0763
Audit Firm-Specific Variables					
Big4	-0.4992	0.9896		0.3198	2.0132
IndExp	-0.2019	0.0712		0.7896	1.6728
Office	0.1272	1.9391		0.1638	2.3330
Client-Specific Variables					
Age	-0.1747	0.9697		0.3248	1.3764
Size	0.0531	0.1933		0.6602	2.9036
Lev	-1.3655	0.8613		0.3534	4.2384
pBank	0.2679	2.1987		0.1381	4.1545
Growth	0.6944	1.4574		0.2273	1.1937
MB	-0.0573	0.1641		0.6854	1.1318
AC	-0.6941	3.1995	*	0.0737	1.6351
Lag	0.3860	0.3673		0.5445	1.3858
Busy	-0.0391	0.0063		0.9368	1.0458
Intercept	-5.9308	3.2951	*	0.069	-
Nagelkerke R^2		0.1125			
Number of Obs.		1463			

Appendix 141: Restate Joint Sensitivity Analysis: *Restate* on FT_{Long10} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long10}	0.2583	0.2793		0.5971	1.2590
$Team_{Long5}$	-0.5590	0.5566		0.4557	1.0769
Audit Partner-Specific Variables					
$Team_{Exp}$	0.0056	0.0634		0.8012	1.2484
$Team_{Ability}$	-0.1642	0.1705		0.6796	1.1027
Gender	-0.4854	0.8406		0.3592	1.0765
Audit Firm-Specific Variables					
Big4	-0.4957	0.9765		0.3231	2.0072
IndExp	-0.2058	0.0735		0.7863	1.6728
Office	0.1280	1.9403		0.1636	2.3217
Client-Specific Variables					
Age	-0.1781	1.0318		0.3097	1.3603
Size	0.0468	0.1272		0.7213	2.9238
Lev	-1.3422	0.8286		0.3627	4.2413
pBank	0.2659	2.1688		0.1408	4.1581
Growth	0.6962	1.4463		0.2291	1.1932
MB	-0.0574	0.1653		0.6843	1.1311
AC	-0.7046	3.2170	*	0.0729	1.6363
Lag	0.3768	0.3470		0.5558	1.3853
Busy	-0.0426	0.0075		0.9311	1.0456
Intercept	-5.8594	3.1146	*	0.078	-
Nagelkerke R^2		0.1130			
Number of Obs.		1463			

Appendix 142: Restate Analysis - Overview of Results at Audit Firm Level

Primary Analysis

	Coeff.	Wald	p-Value	
FT	**-0.0324**	**0.2624**	**0.6085**	
FT ≤ 2	0.7260	3.6384	0.0565	*
FT ≤ 3	**0.6774**	**4.3229**	**0.0376**	**
FT ≥ 7	0.0613	0.0359	0.8498	
FT ≥ 8	0.2123	0.4553	0.4998	
FT ≥ 9	0.1154	0.0969	0.7555	
FT ≥ 10	0.2314	0.2339	0.6287	
FT ≥ 11	**0.0736**	**0.0122**	**0.9121**	

Less Freq$_{AF_Switch}$

	Coeff.	Wald	p-Value	
FT	**-0.0347**	**0.2487**	**0.6180**	
FT ≤ 2	0.9066	4.5080	0.0337	**
FT ≤ 3	**0.8314**	**5.2125**	**0.0224**	**
FT ≥ 7	0.0207	0.0033	0.9541	
FT ≥ 8	0.2016	0.3648	0.5458	
FT ≥ 9	0.1212	0.1004	0.7513	
FT ≥ 10	0.2218	0.2030	0.6523	
FT ≥ 11	**0.0480**	**0.0051**	**0.9428**	

Appendix 143: Restate Analysis - Overview of Results at Audit Partner Level

Primary Analysis

	Coeff.	Wald	p-Value	
EPT	**-0.3070**	**4.9784**	**0.0257**	**
RPT	**-0.0181**	**0.0182**	**0.8926**	
EPT ≤ 2	0.5727	1.5955	0.2065	
RPT ≤ 2	0.4813	1.1713	0.2791	
EPT ≤ 3	**0.9604**	**3.7548**	**0.0527**	*
RPT ≤ 3	**-0.1436**	**0.1128**	**0.7370**	
EPT ≥ 5	-1.0344	3.0547	0.0805	*
RPT ≥ 5	0.5359	1.4741	0.2247	
EPT ≥ 6	**-1.8069**	**2.8255**	**0.0928**	*
RPT ≥ 6	**0.5751**	**1.1235**	**0.2892**	

Less Observations where FT ≤ 3

	Coeff.	Wald	p-Value	
EPT	**-0.2269**	**2.7685**	**0.0961**	*
RPT	**0.0861**	**0.2780**	**0.5980**	
EPT ≤ 2	0.6410	1.6094	0.2046	
RPT ≤ 2	0.3714	0.5075	0.4762	
EPT ≤ 3	**0.6942**	**1.6576**	**0.1979**	
RPT ≤ 3	**-0.5138**	**0.8985**	**0.3432**	
EPT ≥ 5	-0.7222	1.0859	0.2974	
RPT ≥ 5	0.9946	3.3816	0.0659	*
EPT ≥ 6	**-1.7895**	**2.4381**	**0.1184**	
RPT ≥ 6	**1.0081**	**3.2676**	**0.0707**	*

Audit Partner Team Tenure

	Coeff.	Wald	p-Value	
Team	**-0.3122**	**2.7431**	**0.0977**	*****
Team ≤ 2	0.9410	3.1202	0.0773	*
Team ≤ 3	**0.5481**	**1.0872**	**0.2971**	
Team ≥ 5	-0.5575	0.5513	0.4578	
Team ≥ 6	**-0.2268**	**0.0457**	**0.8308**	

Appendix 144: Restate Analysis - Overview of Results of the Joint Analysis

Primary Analysis

	Coeff.	Wald	p-Value	
FT	**0.0179**	**0.1025**	**0.7489**	
EPT	**-0.3119**	**5.6340**	**0.0176**	******
RPT	**-0.0295**	**0.0497**	**0.8237**	
FT ≤ 2	0.2060	0.2085	0.6480	
EPT ≤ 2	0.5025	1.1787	0.2776	
RPT ≤ 2	0.3980	0.6810	0.4093	
FT ≤ 3	**0.5882**	**2.0963**	**0.1477**	
EPT ≤ 3	**0.7824**	**2.3325**	**0.1267**	
RPT ≤ 3	**-0.4328**	**0.7071**	**0.4004**	
FT ≥ 7	0.0826	0.0602	0.8062	
EPT ≥ 5	-1.0372	3.1014	0.0782	*
RPT ≥ 5	0.5161	1.4778	0.2241	
FT ≥ 8	0.1740	0.3053	0.5806	
EPT ≥ 5	-1.0126	3.0466	0.0809	*
RPT ≥ 5	0.5084	1.4020	0.2364	
FT ≥ 9	0.0782	0.0427	0.8363	
EPT ≥ 5	-1.0280	3.0092	0.0828	*
RPT ≥ 5	0.5259	1.4758	0.2244	
FT ≥ 10	0.1808	0.1342	0.7141	
EPT ≥ 5	-1.0209	2.9382	0.0865	*
RPT ≥ 5	0.5180	1.4091	0.2352	
FT ≥ 11	**0.0828**	**0.0141**	**0.9055**	
EPT ≥ 6	**-1.8026**	**2.8167**	**0.0933**	*****
RPT ≥ 6	**0.5708**	**1.0956**	**0.2952**	

Less Freq $_{AF\ Switch}$

	Coeff.	Wald	p-Value	
FT	**0.0111**	**0.0293**	**0.8641**	
EPT	**-0.3526**	**5.4117**	**0.0200**	****
RPT	**-0.0181**	**0.0175**	**0.8947**	
FT ≤ 2	0.2518	0.2508	0.6165	
EPT ≤ 2	0.6622	1.6467	0.1994	
RPT ≤ 2	0.4941	0.9063	0.3411	
FT ≤ 3	**0.6831**	**2.3010**	**0.1293**	
EPT ≤ 3	**0.9466**	**2.4611**	**0.1167**	
RPT ≤ 3	**-0.4351**	**0.6286**	**0.4279**	
FT ≥ 7	0.0085	0.0005	0.9825	
EPT ≥ 5	-1.1072	2.7271	0.0987	*
RPT ≥ 5	0.6354	2.2035	0.1377	
FT ≥ 8	0.1150	0.1146	0.7350	
EPT ≥ 5	-1.0844	2.7049	0.1000	
RPT ≥ 5	0.6193	2.0644	0.1508	
FT ≥ 9	0.0523	0.0170	0.8962	
EPT ≥ 5	-1.1012	2.6816	0.1015	
RPT ≥ 5	0.6308	2.1405	0.1435	
FT ≥ 10	0.1533	0.0919	0.7618	
EPT ≥ 5	-1.0916	2.6006	0.1068	
RPT ≥ 5	0.6206	2.0515	0.1521	
FT ≥ 11	**0.0600**	**0.0075**	**0.9310**	
EPT ≥ 6	**-2.0232**	**2.3449**	**0.1257**	
RPT ≥ 6	**0.6637**	**1.5435**	**0.2141**	

Audit Partner Team Tenure

	Coeff.	Wald	p-Value	
FT	**-0.0079**	**0.0181**	**0.8929**	
Team	**-0.3090**	**2.9622**	**0.0852**	****
FT ≤ 2	0.4462	1.3257	0.2496	
Team ≤ 2	0.7636	1.9863	0.1587	
FT ≤ 3	**0.6007**	**3.0494**	**0.0808**	****
Team ≤ 3	**0.2641**	**0.2272**	**0.6336**	
FT ≥ 7	0.1009	0.0921	0.7616	
Team ≥ 5	-0.5669	0.5646	0.4524	
FT ≥ 8	0.2381	0.5581	0.4550	
Team ≥ 5	-0.5457	0.5313	0.4661	
FT ≥ 9	0.1424	0.1401	0.7082	
Team ≥ 5	-0.5556	0.5466	0.4597	
FT ≥ 10	0.2583	0.2793	0.5971	
Team ≥ 5	-0.5590	0.5566	0.4557	
FT ≥ 11	**0.1211**	**0.0322**	**0.8576**	
Team ≥ 6	**-0.2247**	**0.0446**	**0.8327**	

Appendix 145: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT	0.0301	0.8968		0.3436	1.3225
Audit Firm-Specific Variables					
Big4	-0.1259	0.1502		0.6983	1.9505
IndExp	-0.4027	0.7960		0.3723	1.6790
Office	-0.0540	0.8413		0.3590	2.2199
Client-Specific Variables					
Age	0.0663	0.3074		0.5793	1.4114
Size	-0.0836	0.5313		0.4660	5.3824
OCF	2.5313	4.2761	**	0.0387	1.7304
Lev	-0.2014	0.0064		0.9361	4.8225
pBank	-0.1432	0.1598		0.6893	5.4516
Growth	0.7879	3.4909	*	0.0617	1.2511
MB	-0.1688	5.5299	**	0.0187	1.3670
Tax	-1.7000	0.2676		0.6049	1.4657
AC	0.1576	0.3965		0.5289	1.6286
Lag	-0.0262	0.0061		0.9376	1.3943
Busy	-0.2282	0.5564		0.4557	1.0860
Noe	0.0353	1.8417		0.1748	3.4133
Std	-9.8177	15.2900	***	0.0001	1.3164
Y2008	-0.0859	0.0622		0.8031	1.6632
Y2009	-0.4042	1.1421		0.2852	1.7587
Intercept	0.2276	0.0082		0.9281	-
Nagelkerke R^2		0.2089			
Number of Obs.		1125			

Appendix 146: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	-0.4886	4.4054	**	0.0358	1.1287
Audit Firm-Specific Variables					
Big4	-0.1047	0.1078		0.7427	1.9386
IndExp	-0.4174	0.8590		0.3540	1.6782
Office	-0.0551	0.8977		0.3434	2.2101
Client-Specific Variables					
Age	0.0498	0.1643		0.6853	1.3792
Size	-0.0828	0.5343		0.4648	5.2878
OCF	2.5200	4.3136	**	0.0378	1.7285
Lev	-0.3200	0.0173		0.8953	4.8063
pBank	-0.1325	0.1464		0.7020	5.4448
Growth	0.8005	3.5562	*	0.0593	1.2532
MB	-0.1697	5.6877	**	0.0171	1.3670
Tax	-1.7546	0.2818		0.5955	1.4625
AC	0.1733	0.4751		0.4906	1.6301
Lag	-0.0200	0.0035		0.9526	1.3930
Busy	-0.2509	0.6633		0.4154	1.0862
Noe	0.0346	1.7216		0.1895	3.4116
Std	-9.7147	14.9685	***	0.0001	1.3070
Intercept	0.6648	0.0706		0.7904	-
Nagelkerke R^2		0.2143			
Number of Obs.		1125			

Appendix 147: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long}	0.0340	0.0082		0.9279	1.2514
Audit Firm-Specific Variables					
Big4	-0.1670	0.2727		0.6016	1.9189
IndExp	-0.3924	0.7600		0.3833	1.6784
Office	-0.0492	0.7173		0.3970	2.2035
Client-Specific Variables					
Age	0.0862	0.5314		0.4660	1.3750
Size	-0.0643	0.3187		0.5724	5.3748
OCF	2.6243	4.6889	**	0.0304	1.7271
Lev	-0.2904	0.0128		0.9099	4.8251
pBank	-0.1333	0.1322		0.7161	5.4442
Growth	0.7838	3.4747	*	0.0623	1.2508
MB	-0.1705	5.5208	**	0.0188	1.3695
Tax	-1.8317	0.3119		0.5765	1.4655
AC	0.1546	0.3850		0.5350	1.6288
Lag	-0.0300	0.0079		0.9290	1.3969
Busy	-0.2148	0.5023		0.4785	1.0855
Noe	0.0348	1.7754		0.1827	3.4110
Std	-9.8283	15.3481	***	0.0001	1.3101
Intercept	0.1456	0.0033		0.9543	-
Nagelkerke R^2		0.2075			
Number of Obs.		1125			

Appendix 148: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Short} and FT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	-0.5037	4.7169	**	0.0299	1.1866
FT_{Long}	-0.1182	0.0988		0.7532	1.3156
Audit Firm-Specific Variables					
Big4	-0.1098	0.1179		0.7313	1.9399
IndExp	-0.4128	0.8475		0.3572	1.6794
Office	-0.0551	0.9012		0.3424	2.2102
Client-Specific Variables					
Age	0.0522	0.1843		0.6677	1.3893
Size	-0.0754	0.4381		0.5080	5.3793
OCF	2.5599	4.4095	**	0.0357	1.7289
Lev	-0.3917	0.0259		0.8722	4.8266
pBank	-0.1244	0.1292		0.7193	5.4495
Growth	0.8081	3.6550	*	0.0559	1.2544
MB	-0.1715	5.7239	**	0.0167	1.3696
Tax	-1.8334	0.3018		0.5827	1.4655
AC	0.1732	0.4777		0.4895	1.6308
Lag	-0.0185	0.0030		0.9564	1.3972
Busy	-0.2520	0.6743		0.4115	1.0863
Noe	0.0344	1.6860		0.1941	3.4174
Std	-9.6902	14.8584	***	0.0001	1.3109
Intercept	0.6378	0.0648		0.7991	-
Nagelkerke R^2		0.2145			
Number of Obs.		1125			

Appendix 149: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short2}	-0.3001	1.3290		0.2490	1.0936
Audit Firm-Specific Variables					
Big4	-0.1396	0.1937		0.6599	1.9272
IndExp	-0.4027	0.8118		0.3676	1.6768
Office	-0.0508	0.7763		0.3783	2.2040
Client-Specific Variables					
Age	0.0788	0.4262		0.5139	1.3681
Size	-0.0711	0.3921		0.5312	5.2741
OCF	2.5647	4.5199	**	0.0335	1.7290
Lev	-0.3407	0.0186		0.8915	4.8026
pBank	-0.1241	0.1217		0.7272	5.4377
Growth	0.8100	3.6374	*	0.0565	1.2531
MB	-0.1704	5.6555	**	0.0174	1.3684
Tax	-1.4804	0.2022		0.6529	1.4696
AC	0.1578	0.3970		0.5287	1.6287
Lag	-0.0208	0.0039		0.9505	1.3931
Busy	-0.2229	0.5380		0.4633	1.0855
Noe	0.0343	1.7231		0.1893	3.4193
Std	-9.8167	15.3561	***	0.0001	1.3062
Intercept	0.3321	0.0177		0.8942	-
Nagelkerke R^2		0.2096			
Number of Obs.		1125			

Appendix 150: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Long7}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long7}	-0.0177	0.0056		0.9406	1.2293
Audit Firm-Specific Variables					
Big4	-0.1727	0.2875		0.5918	1.9489
IndExp	-0.3909	0.7600		0.3833	1.6781
Office	-0.0487	0.7133		0.3983	2.2307
Client-Specific Variables					
Age	0.0889	0.5689		0.4507	1.4180
Size	-0.0606	0.2723		0.6018	5.3338
OCF	2.6444	4.6112	**	0.0318	1.7330
Lev	-0.3150	0.0147		0.9036	4.8196
pBank	-0.1302	0.1225		0.7263	5.4651
Growth	0.7856	3.4546	*	0.0631	1.2503
MB	-0.1709	5.5877	**	0.0181	1.3668
Tax	-1.8564	0.3288		0.5664	1.4637
AC	0.1543	0.3845		0.5352	1.6286
Lag	-0.0297	0.0078		0.9298	1.3937
Busy	-0.2133	0.4947		0.4818	1.0868
Noe	0.0346	1.7512		0.1857	3.4030
Std	-9.8253	15.3558	***	0.0001	1.3136
Intercept	0.1184	0.0021		0.9631	-
Nagelkerke R^2		0.2074			
Number of Obs.		1125			

Appendix 151: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Long8}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long8}	-0.0741	0.0933		0.7601	1.2665
Audit Firm-Specific Variables					
Big4	-0.1819	0.3178		0.5729	1.9415
IndExp	-0.3903	0.7592		0.3836	1.6785
Office	-0.0475	0.6651		0.4148	2.2274
Client-Specific Variables					
Age	0.0947	0.6452		0.4218	1.4219
Size	-0.0556	0.2314		0.6305	5.3813
OCF	2.6757	4.7663	**	0.0290	1.7343
Lev	-0.3518	0.0181		0.8929	4.8413
pBank	-0.1254	0.1127		0.7371	5.4811
Growth	0.7866	3.4592	*	0.0629	1.2505
MB	-0.1711	5.6162	**	0.0178	1.3667
Tax	-1.8888	0.3387		0.5606	1.4638
AC	0.1547	0.3873		0.5337	1.6288
Lag	-0.0292	0.0074		0.9312	1.3948
Busy	-0.2117	0.4890		0.4844	1.0856
Noe	0.0342	1.7004		0.1922	3.4018
Std	-9.8232	15.3949	***	0.0001	1.3187
Intercept	0.0715	0.0008		0.9778	-
Nagelkerke R^2		0.2076			
Number of Obs.		1125			

Appendix 152: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Long9}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long9}	-0.2034	0.5065		0.4767	1.2869
Audit Firm-Specific Variables					
Big4	-0.1956	0.3638		0.5464	1.9354
IndExp	-0.3778	0.7175		0.3970	1.6797
Office	-0.0460	0.6186		0.4316	2.2173
Client-Specific Variables					
Age	0.1014	0.7488		0.3868	1.4008
Size	-0.0439	0.1453		0.7031	5.4164
OCF	2.7279	5.0659	**	0.0244	1.7293
Lev	-0.4255	0.0262		0.8714	4.8148
pBank	-0.1162	0.0960		0.7566	5.4441
Growth	0.7861	3.4034	*	0.0651	1.2510
MB	-0.1726	5.6531	**	0.0174	1.3666
Tax	-1.9489	0.3634		0.5466	1.4648
AC	0.1580	0.4051		0.5245	1.6299
Lag	-0.0305	0.0081		0.9285	1.3968
Busy	-0.2044	0.4569		0.4991	1.0860
Noe	0.0337	1.6363		0.2008	3.4018
Std	-9.8423	15.3418	***	0.0001	1.3128
Intercept	-0.0189	0.0001		0.9942	-
Nagelkerke R^2		0.2084			
Number of Obs.		1125			

Appendix 153: Benchmark Analysis at Audit Firm Level: MBE_{FE} on FT_{Long10}

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long10}	-0.1867	0.3518		0.5531	1.2816
Audit Firm-Specific Variables					
Big4	-0.1853	0.3375		0.5613	1.9253
IndExp	-0.3787	0.7220		0.3955	1.6803
Office	-0.0477	0.6800		0.4096	2.2074
Client-Specific Variables					
Age	0.0939	0.6354		0.4254	1.3835
Size	-0.0476	0.1741		0.6765	5.4004
OCF	2.6936	4.9969	**	0.0254	1.7265
Lev	-0.4454	0.0294		0.8639	4.8170
pBank	-0.1141	0.0950		0.7579	5.4434
Growth	0.7873	3.4578	*	0.0630	1.2506
MB	-0.1743	5.6425	**	0.0175	1.3677
Tax	-1.8727	0.3363		0.5620	1.4630
AC	0.1560	0.3953		0.5295	1.6298
Lag	-0.0314	0.0086		0.9263	1.3970
Busy	-0.2121	0.4929		0.4826	1.0857
Noe	0.0343	1.7006		0.1922	3.4048
Std	-9.8002	15.2454	***	0.0001	1.3127
Intercept	0.0766	0.0009		0.9759	-
Nagelkerke R^2		0.2081			
Number of Obs.		1125			

Appendix 154: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT	-0.0046	0.0232		0.0168	0.1917		0.0160	0.2276		0.8791	1.3225	0.6615	1.3225	0.6333	1.2817
Audit Firm-Specific Variables															
Big4	-0.7378	6.3546	**	-0.0844	0.0537		-0.4591	1.5636		0.0117	1.9505	0.8168	1.9505	0.2111	2.0404
IndExp	-0.9264	3.8955	**	-0.1995	0.1389		-0.4468	0.7132		0.0484	1.6790	0.7094	1.6790	0.3984	1.6158
Office	-0.0381	0.4660		-0.0570	0.7785		-0.0098	0.0242		0.4948	2.2199	0.3776	2.2199	0.8764	2.2856
Client-Specific Variables															
Age	-0.0459	0.2162		0.0590	0.1437		0.1138	0.7605		0.6420	1.4114	0.7046	1.4114	0.3832	1.3785
Size	-0.0628	0.3444		0.0047	0.0011		-0.0699	0.2484		0.5573	5.3824	0.9738	5.3824	0.6182	5.4516
OCF	2.0843	3.5050	*	3.0248	4.3722	**	2.3851	3.1697	*	0.0612	1.7304	0.0365	1.7304	0.0750	1.7371
Lev	-0.7326	0.1310		-1.6665	0.4488		2.0484	0.8789		0.7173	4.8225	0.5029	4.8225	0.3485	6.4176
pBank	-0.1190	0.1752		0.0483	0.0218		-0.6462	4.3767	**	0.6755	5.4516	0.8826	5.4516	0.0364	7.0962
Growth	0.2192	0.2999		0.7726	2.1834		0.7654	1.2460		0.5839	1.2511	0.1395	1.2511	0.2643	1.3295
MB	-0.1286	5.4385	**	-0.1884	5.5224	**	-0.2008	4.5415	**	0.0197	1.3670	0.0188	1.3670	0.0331	1.4809
Tax	-2.6024	0.7792		-4.5376	1.2865		-0.7906	0.0303		0.3774	1.4657	0.2567	1.4657	0.8617	1.5573
AC	0.1090	0.1897		-0.1164	0.1489		0.0613	0.0474		0.6632	1.6286	0.6996	1.6286	0.8277	1.6488
Lag	-0.0787	0.0559		-0.2295	0.3204		-0.3419	0.6514		0.8131	1.3943	0.5714	1.3943	0.4196	1.3722
Busy	0.0880	0.1044		-0.2486	0.4606		-0.2338	0.3975		0.7466	1.0860	0.4973	1.0860	0.5284	1.0501
Noe	0.0509	6.8066	***	0.0318	1.0868		0.0365	1.3505		0.0091	3.4133	0.2972	3.4133	0.2452	3.5357
Std	-2.7660	7.4693	***	-11.7871	17.4729	***	-9.6624	9.2268	***	0.0063	1.3164	0.0000	1.3164	0.0024	1.2904
Intercept	-0.0508	0.0005		1.0163	0.1421		-0.9734	0.0879		0.9826	-	0.7062	-	0.7668	-
Nagelkerke R^2	0.1469			0.2159			0.2316								
Number of Obs.	1125			1125			834								

Appendix 155: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT (2/2)

	$Less\ Freq_{Beat}$			$Less\ Freq_{AF\_Switch}$			$Just\ Miss$			$Less\ Freq_{Beat}$		$Less\ Freq_{AF\_Switch}$		$Just\ Miss$	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT	0.0506	2.3324		0.0236	0.4742		-0.0216	0.3768		0.1267	1.3209	0.4911	1.3349	0.5393	1.3225
Audit Firm-Specific Variables															
Big4	0.2113	0.4540		-0.0589	0.0314		-0.7077	3.7342	*	0.5004	1.9494	0.8594	2.0027	0.0533	1.9505
IndExp	-0.6514	2.0237		-0.4489	0.9487		-0.7751	2.3993		0.1549	1.6966	0.3301	1.7034	0.1214	1.6790
Office	-0.1032	2.9294	*	-0.0741	1.3811		0.0788	1.6460		0.0870	2.2318	0.2399	2.3137	0.1995	2.2199
Client-Specific Variables															
Age	0.0888	0.5677		0.0241	0.0393		0.0413	0.1019		0.4512	1.4017	0.8428	1.4405	0.7495	1.4114
Size	-0.1548	1.7707		-0.0807	0.4759		-0.1862	1.9795		0.1833	5.3361	0.4903	5.4135	0.1594	5.3824
OCF	1.9976	2.4434		2.6979	4.5950	**	0.8947	0.6946		0.1180	1.7383	0.0321	1.7219	0.4046	1.7304
Lev	0.9913	0.1440		-0.1715	0.0051		0.9541	0.3404		0.7043	4.7554	0.9433	4.6996	0.5596	4.8225
pBank	-0.2061	0.3047		-0.1081	0.0972		-0.1625	0.6731		0.5810	5.3702	0.7553	5.3373	0.4120	5.4516
Growth	0.7846	3.0131	*	0.5944	1.7330		0.5493	2.3388		0.0826	1.2486	0.1880	1.2568	0.1262	1.2511
MB	-0.1937	6.1040	**	-0.1460	4.2558	**	0.0440	0.6033		0.0135	1.3624	0.0391	1.4148	0.4373	1.3670
Tax	0.6534	0.0438		-2.1684	0.3931		1.5006	0.1703		0.8343	1.4733	0.5307	1.5324	0.6798	1.4657
AC	0.3538	1.8442		0.0403	0.0243		0.2180	0.3463		0.1745	1.5985	0.8761	1.6316	0.5562	1.6286
Lag	0.0367	0.0122		0.0216	0.0035		-0.0461	0.0098		0.9122	1.4068	0.9525	1.3952	0.9210	1.3943
Busy	-0.1258	0.1713		-0.1911	0.3634		0.2494	0.3849		0.6790	1.0973	0.5466	1.1198	0.5350	1.0860
Noe	0.0407	2.5465		0.0344	1.6570		0.0651	6.0380	**	0.1105	3.3902	0.1980	3.4264	0.0140	3.4133
Std	-9.3793	15.1275	***	-9.8743	13.8353	***	-6.8667	18.6880	***	0.0001	1.3113	0.0002	1.3100	0.0000	1.3164
Intercept	0.3739	0.0213		0.5963	0.0507		-1.6838	0.3247		0.8839	-	0.8218	-	0.5688	-
Nagelkerke R^2		0.1933			0.2124			0.1505							
Number of Obs.		1102			1015			1125							

Appendix 156: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Short} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Short}	-0.3362	2.0160		-0.5981	4.2040	**	-0.4164	2.5536		0.1556	1.1287	0.0403	1.1287	0.1100	1.1203
Audit Firm-Specific Variables															
Big4	-0.6793	5.7138	**	-0.0447	0.0152		-0.4246	1.3967		0.0168	1.9386	0.9020	1.9386	0.2373	2.0266
IndExp	-0.9558	4.0637	**	-0.2308	0.1792		-0.4539	0.7497		0.0438	1.6782	0.6721	1.6782	0.3866	1.6150
Office	-0.0418	0.5660		-0.0598	0.8523		-0.0132	0.0429		0.4519	2.2101	0.3559	2.2101	0.8358	2.2668
Client-Specific Variables															
Age	-0.0788	0.6181		0.0198	0.0152		0.1028	0.5892		0.4317	1.3792	0.9020	1.3792	0.4427	1.3502
Size	-0.0791	0.5756		-0.0103	0.0055		-0.0841	0.3695		0.4481	5.2878	0.9411	5.2878	0.5433	5.3522
OCF	1.9724	3.1409	*	2.9597	4.3217	**	2.3614	3.2070	*	0.0763	1.7285	0.0376	1.7285	0.0733	1.7339
Lev	-0.7202	0.1381		-1.6522	0.4892		1.8688	0.7139		0.7102	4.8063	0.4843	4.8063	0.3981	6.4111
pBank	-0.1295	0.2278		0.0442	0.0207		-0.6281	3.9547	**	0.6331	5.4448	0.8857	5.4448	0.0467	7.0954
Growth	0.2463	0.3835		0.7817	2.1999		0.7735	1.2609		0.5357	1.2532	0.1380	1.2532	0.2615	1.3307
MB	-0.1278	5.3854	**	-0.1891	5.4734	**	-0.1999	4.5308	**	0.0203	1.3670	0.0193	1.3670	0.0333	1.4810
Tax	-2.5072	0.7136		-4.5372	1.2524		-0.8901	0.0382		0.3982	1.4625	0.2631	1.4625	0.8449	1.5551
AC	0.1288	0.2539		-0.0931	0.0932		0.0795	0.0801		0.6143	1.6301	0.7601	1.6301	0.7772	1.6486
Lag	-0.0720	0.0472		-0.2175	0.2758		-0.3396	0.6272		0.8280	1.3930	0.5995	1.3930	0.4284	1.3723
Busy	0.0629	0.0533		-0.2914	0.6200		-0.2586	0.4769		0.8174	1.0862	0.4311	1.0862	0.4898	1.0518
Noe	0.0503	6.6610	***	0.0317	1.0247		0.0367	1.3392		0.0099	3.4116	0.3114	3.4116	0.2472	3.5395
Std	-2.7020	7.4022	***	-11.6573	16.7928	***	-9.5975	8.9277	***	0.0065	1.3070	0.0000	1.3070	0.0028	1.2857
Intercept	0.2821	0.0146		1.5727	0.3428		-0.4093	0.0153		0.9038	-	0.5582	-	0.9017	-
Nagelkerke R^2		0.1505			0.2244			0.2362							
Number of Obs.		1125			1125			834							

Appendix 157: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Short} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Short}	-0.5723	4.9685	**	-0.4704	3.6571	*	0.3840	2.3592		0.0258	1.1275	0.0558	1.1178	0.1245	1.1287
Audit Firm-Specific Variables															
Big4	0.2046	0.4324		-0.0333	0.0104		-0.7491	4.0604	**	0.5108	1.9342	0.9189	1.9880	0.0439	1.9386
IndExp	-0.6545	2.0899		-0.4522	0.9602		-0.7757	2.3743		0.1483	1.6951	0.3271	1.7022	0.1233	1.6782
Office	-0.1015	2.9175	*	-0.0768	1.5259		0.0816	1.7415		0.0876	2.2203	0.2167	2.2941	0.1869	2.2101
Client-Specific Variables															
Age	0.0824	0.4644		0.0077	0.0037		0.0593	0.2178		0.4956	1.3709	0.9513	1.4085	0.6407	1.3792
Size	-0.1425	1.5067		-0.0810	0.4871		-0.1845	1.9285		0.2196	5.2418	0.4852	5.3252	0.1649	5.2878
OCF	2.0137	2.5074		2.6384	4.4845	**	0.9720	0.8361		0.1133	1.7358	0.0342	1.7210	0.3605	1.7285
Lev	0.7672	0.0906		-0.2241	0.0089		0.9724	0.3375		0.7634	4.7362	0.9247	4.6816	0.5613	4.8063
pBank	-0.1850	0.2590		-0.1064	0.0977		-0.1602	0.6258		0.6108	5.3628	0.7546	5.3323	0.4289	5.4448
Growth	0.8100	3.1593	*	0.6197	1.8724		0.5458	2.3148		0.0755	1.2509	0.1712	1.2607	0.1281	1.2532
MB	-0.1961	6.2982	**	-0.1488	4.4928	**	0.0444	0.6221		0.0121	1.3625	0.0340	1.4148	0.4303	1.3670
Tax	0.5674	0.0328		-1.9775	0.3291		1.5406	0.1781		0.8562	1.4698	0.5662	1.5257	0.6730	1.4625
AC	0.3688	1.9955		0.0583	0.0501		0.2106	0.3185		0.1578	1.6000	0.8229	1.6326	0.5725	1.6301
Lag	0.0483	0.0207		0.0392	0.0116		-0.0541	0.0136		0.8856	1.4060	0.9143	1.3977	0.9070	1.3930
Busy	-0.1390	0.2090		-0.2227	0.4871		0.2677	0.4417		0.6475	1.0973	0.4852	1.1199	0.5063	1.0862
Noe	0.0399	2.3561		0.0345	1.6229		0.0656	6.1796	**	0.1248	3.3889	0.2027	3.4232	0.0129	3.4116
Std	-9.2427	14.6546	***	-9.8279	13.6080	***	-6.9753	18.8565	***	0.0001	1.3016	0.0002	1.2993	0.0000	1.3070
Intercept	0.8027	0.0995		0.9050	0.1187		-2.0264	0.4656		0.7524	-	0.7305	-	0.4950	-
Nagelkerke R^2	0.1983			0.2175			0.1542								
Number of Obs.	1102			1015			1125								

Appendix 158: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long}	-0.1511	0.1875		0.1686	0.1572		-0.1676	0.1641		0.6650	1.2514	0.6918	1.2514	0.6854	1.2282
Audit Firm-Specific Variables															
Big4	-0.7407	6.6509	***	-0.0962	0.0717		-0.5002	1.9071		0.0099	1.9189	0.7889	1.9189	0.1673	2.0064
IndExp	-0.9209	3.8711	**	-0.2002	0.1386		-0.4320	0.6869		0.0491	1.6784	0.7097	1.6784	0.4072	1.6165
Office	-0.0382	0.4794		-0.0548	0.7268		-0.0051	0.0066		0.4887	2.2035	0.3939	2.2035	0.9353	2.2652
Client-Specific Variables															
Age	-0.0448	0.2115		0.0671	0.1885		0.1287	1.0033		0.6456	1.3750	0.6642	1.3750	0.3165	1.3623
Size	-0.0586	0.3157		0.0052	0.0014		-0.0410	0.0860		0.5742	5.3748	0.9705	5.3748	0.7694	5.4390
OCF	2.1003	3.6035	*	3.0204	4.3877	**	2.5242	3.6050	*	0.0577	1.7271	0.0362	1.7271	0.0576	1.7329
Lev	-0.7788	0.1469		-1.6434	0.4432		1.9723	0.8121		0.7015	4.8251	0.5056	4.8251	0.3675	6.4256
pBank	-0.1142	0.1593		0.0448	0.0189		-0.6403	4.4128	**	0.6898	5.4442	0.8905	5.4442	0.0357	7.0967
Growth	0.2267	0.3248		0.7617	2.1211		0.7350	1.1731		0.5688	1.2508	0.1453	1.2508	0.2788	1.3251
MB	-0.1301	5.5434	**	-0.1876	5.4992	**	-0.2065	4.7357	**	0.0186	1.3695	0.0190	1.3695	0.0295	1.4833
Tax	-2.6659	0.8055		-4.4995	1.2479		-1.0261	0.0514		0.3695	1.4655	0.2640	1.4655	0.8206	1.5591
AC	0.1094	0.1925		-0.1182	0.1535		0.0431	0.0237		0.6608	1.6288	0.6952	1.6288	0.8775	1.6453
Lag	-0.0781	0.0543		-0.2334	0.3326		-0.3553	0.6779		0.8157	1.3969	0.5642	1.3969	0.4103	1.3720
Busy	0.0888	0.1062		-0.2409	0.4364		-0.2335	0.4070		0.7445	1.0855	0.5089	1.0855	0.5235	1.0486
Noe	0.0512	6.7616	***	0.0316	1.0754		0.0353	1.2433		0.0093	3.4110	0.2997	3.4110	0.2648	3.5323
Std	-2.7659	7.4400	***	-11.7927	17.6081	***	-9.6820	9.3622	***	0.0064	1.3101	0.0000	1.3101	0.0022	1.2814
Intercept	-0.0756	0.0011		1.0299	0.1448		-1.1527	0.1235		0.9740	-	0.7035	-	0.7252	-
Nagelkerke R^2		0.1472			0.2158			0.2315							
Number of Obs.		1125			1125			834							

Appendix 159: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long}	0.2049	0.3204		0.0600	0.0252		0.4396	1.5249		0.5714	1.2519	0.8738	1.2698	0.2169	1.2514
Audit Firm-Specific Variables															
Big4	0.1445	0.2202		-0.0914	0.0794		-0.6392	3.1191	*	0.6389	1.9155	0.7782	1.9640	0.0774	1.9189
IndExp	-0.6363	1.9197		-0.4452	0.9384		-0.8128	2.6357		0.1659	1.6962	0.3327	1.7042	0.1045	1.6784
Office	-0.0941	2.5242		-0.0690	1.2304		0.0737	1.4294		0.1121	2.2129	0.2673	2.2854	0.2319	2.2035
Client-Specific Variables															
Age	0.1161	0.9992		0.0379	0.0977		0.0078	0.0035		0.3175	1.3656	0.7547	1.4164	0.9528	1.3750
Size	-0.1314	1.3129		-0.0703	0.3645		-0.2181	2.8653	*	0.2519	5.3337	0.5460	5.4156	0.0905	5.3748
OCF	2.1213	2.8298	*	2.7703	4.9691	**	0.7305	0.4771		0.0925	1.7342	0.0258	1.7184	0.4897	1.7271
Lev	0.8996	0.1128		-0.2560	0.0112		1.1341	0.4973		0.7370	4.7574	0.9159	4.7010	0.4807	4.8251
pBank	-0.1973	0.2638		-0.0985	0.0796		-0.1932	1.0053		0.6075	5.3623	0.7778	5.3318	0.3160	5.4442
Growth	0.7647	2.8904	*	0.5862	1.6987		0.5274	2.1262		0.0891	1.2485	0.1925	1.2559	0.1448	1.2508
MB	-0.1952	5.9683	**	-0.1458	4.1818	**	0.0478	0.7057		0.0146	1.3649	0.0409	1.4182	0.4009	1.3695
Tax	0.5168	0.0275		-2.3681	0.4737		2.0031	0.2974		0.8683	1.4732	0.4913	1.5266	0.5855	1.4655
AC	0.3484	1.8096		0.0414	0.0257		0.2148	0.3396		0.1786	1.5984	0.8725	1.6322	0.5601	1.6288
Lag	0.0253	0.0057		0.0142	0.0015		-0.0260	0.0035		0.9400	1.4097	0.9691	1.3976	0.9525	1.3969
Busy	-0.1140	0.1402		-0.1781	0.3217		0.2301	0.3358		0.7081	1.0972	0.5706	1.1195	0.5623	1.0855
Noe	0.0396	2.3978		0.0338	1.5974		0.0636	5.9078	**	0.1215	3.3877	0.2063	3.4253	0.0151	3.4110
Std	-9.4158	15.2078	***	-9.8626	13.8943	***	-6.7789	18.4833	***	0.0001	1.3049	0.0002	1.3025	0.0000	1.3101
Intercept	0.3168	0.0150		0.6051	0.0516		-1.6133	0.3231		0.9026	-	0.8203	-	0.5697	-
Nagelkerke R^2	0.1897			0.2116			0.1525								
Number of Obs.	1102			1015			1125								

Appendix 160: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Short2} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Short2}	-0.2802	1.1105		-0.3692	1.3103		-0.1965	0.5136		0.2920	1.0936	0.2523	1.0936	0.4736	1.0949
Audit Firm-Specific Variables															
Big4	-0.7005	5.9848	**	-0.0769	0.0456		-0.4668	1.6898		0.0144	1.9272	0.8309	1.9272	0.1936	2.0150
IndExp	-0.9510	4.0636	**	-0.2159	0.1622		-0.4419	0.7168		0.0438	1.6768	0.6872	1.6768	0.3972	1.6149
Office	-0.0392	0.5064		-0.0556	0.7607		-0.0074	0.0140		0.4767	2.2040	0.3831	2.2040	0.9058	2.2619
Client-Specific Variables															
Age	-0.0628	0.4161		0.0597	0.1482		0.1217	0.8561		0.5189	1.3681	0.7003	1.3681	0.3548	1.3454
Size	-0.0739	0.4997		0.0049	0.0012		-0.0644	0.2193		0.4796	5.2741	0.9721	5.2741	0.6396	5.3300
OCF	1.9870	3.1824	*	3.0048	4.4793	**	2.4195	3.4224	*	0.0744	1.7290	0.0343	1.7290	0.0643	1.7385
Lev	-0.7384	0.1424		-1.7272	0.5057		1.9148	0.7809		0.7059	4.8026	0.4770	4.8026	0.3769	6.4112
pBank	-0.1206	0.1943		0.0587	0.0344		-0.6247	4.1734	**	0.6594	5.4377	0.8529	5.4377	0.0411	7.0929
Growth	0.2516	0.3981		0.7976	2.2953		0.7696	1.2638		0.5281	1.2531	0.1298	1.2531	0.2609	1.3330
MB	-0.1285	5.5038	**	-0.1891	5.4883	**	-0.2017	4.5821	**	0.0190	1.3684	0.0191	1.3684	0.0323	1.4827
Tax	-2.2234	0.5461		-4.2159	1.1003		-0.6432	0.0201		0.4599	1.4696	0.2942	1.4696	0.8872	1.5597
AC	0.1149	0.2062		-0.1161	0.1482		0.0610	0.0472		0.6498	1.6287	0.7002	1.6287	0.8280	1.6476
Lag	-0.0726	0.0480		-0.2207	0.2915		-0.3421	0.6429		0.8265	1.3931	0.5892	1.3931	0.4226	1.3736
Busy	0.0765	0.0795		-0.2527	0.4849		-0.2314	0.3901		0.7780	1.0855	0.4862	1.0855	0.5322	1.0501
Noe	0.0503	6.6859	***	0.0312	1.0436		0.0360	1.3025		0.0097	3.4193	0.3070	3.4193	0.2538	3.5425
Std	-2.7507	7.4514	***	-11.7916	17.5293	***	-9.6545	9.2694	***	0.0063	1.3062	0.0000	1.3062	0.0023	1.2836
Intercept	0.1315	0.0032		1.1879	0.2012		-0.8440	0.0671		0.9546	-	0.6537	-	0.7956	-
Nagelkerke R^2		0.1489			0.2183			0.2321							
Number of Obs.		1125			1125			834							

Appendix 161: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Short2} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT$_{Short2}$	-0.4218	2.1697		-0.2648	0.7996		-0.0836	0.0716		0.1407	1.0917	0.3712	1.0871	0.7890	1.0936
Audit Firm-Specific Variables															
Big4	0.1705	0.3081		-0.0681	0.0444		-0.6589	3.2130	*	0.5788	1.9222	0.8332	1.9753	0.0731	1.9272
IndExp	-0.6330	1.9415		-0.4431	0.9440		-0.7846	2.4788		0.1635	1.6939	0.3312	1.7024	0.1154	1.6768
Office	-0.0965	2.7092	*	-0.0710	1.3202		0.0740	1.4515		0.0998	2.2135	0.2506	2.2864	0.2283	2.2040
Client-Specific Variables															
Age	0.1125	0.8942		0.0354	0.0815		0.0198	0.0241		0.3443	1.3598	0.7753	1.4017	0.8765	1.3681
Size	-0.1303	1.2498		-0.0708	0.3742		-0.1989	2.3033		0.2636	5.2296	0.5407	5.3141	0.1291	5.2741
OCF	2.0638	2.6617		2.7314	4.8662	**	0.7957	0.5358		0.1028	1.7366	0.0274	1.7193	0.4642	1.7290
Lev	0.7454	0.0803		-0.2726	0.0128		0.9827	0.3794		0.7769	4.7324	0.9100	4.6785	0.5379	4.8026
pBank	-0.1775	0.2237		-0.0948	0.0749		-0.1706	0.7929		0.6362	5.3559	0.7843	5.3269	0.3732	5.4377
Growth	0.8236	3.2861	*	0.6171	1.8436		0.5563	2.3671		0.0699	1.2510	0.1745	1.2606	0.1239	1.2531
MB	-0.1976	6.2627	**	-0.1483	4.3837	**	0.0437	0.5980		0.0123	1.3639	0.0363	1.4150	0.4393	1.3684
Tax	0.8793	0.0776		-1.9696	0.3255		1.7209	0.2201		0.7805	1.4761	0.5683	1.5396	0.6390	1.4696
AC	0.3515	1.8297		0.0392	0.0231		0.2155	0.3413		0.1762	1.5985	0.8793	1.6316	0.5591	1.6287
Lag	0.0434	0.0168		0.0315	0.0075		-0.0388	0.0071		0.8968	1.4061	0.9312	1.3973	0.9327	1.3931
Busy	-0.1089	0.1302		-0.1882	0.3577		0.2359	0.3418		0.7182	1.0971	0.5498	1.1196	0.5588	1.0855
Noe	0.0391	2.3003		0.0337	1.5786		0.0646	6.0443	**	0.1293	3.3961	0.2090	3.4290	0.0140	3.4193
Std	-9.3613	15.1384	***	-9.8772	13.8964	***	-6.7845	18.6042	***	0.0001	1.3008	0.0002	1.2989	0.0000	1.3062
Intercept	0.4711	0.0344		0.6316	0.0575		-1.6012	0.2996		0.8528	-	0.8105	-	0.5841	-
Nagelkerke R^2	0.1933			0.2131			0.1500								
Number of Obs.	1102			1015			1125								

Appendix 162: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long7} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long7}	-0.2471	1.0625		-0.3139	1.1201		-0.0508	0.0381		0.3026	1.2293	0.2899	1.2293	0.8453	1.2126
Audit Firm-Specific Variables															
Big4	-0.7805	7.1831	***	-0.1615	0.1994		-0.4935	1.8131		0.0074	1.9489	0.6552	1.9489	0.1781	2.0298
IndExp	-0.9181	3.9104	**	-0.1977	0.1342		-0.4375	0.6900		0.0480	1.6781	0.7141	1.6781	0.4062	1.6155
Office	-0.0335	0.3677		-0.0476	0.5605		-0.0046	0.0054		0.5443	2.2307	0.4541	2.2307	0.9415	2.2929
Client-Specific Variables															
Age	-0.0240	0.0586		0.1076	0.5084		0.1293	1.0075		0.8088	1.4180	0.4758	1.4180	0.3155	1.3850
Size	-0.0480	0.1959		0.0448	0.0929		-0.0507	0.1299		0.6581	5.3338	0.7605	5.3338	0.7186	5.3904
OCF	2.1869	3.7766	*	3.2679	5.0842	**	2.4789	3.3928	*	0.0520	1.7330	0.0241	1.7330	0.0655	1.7401
Lev	-0.7869	0.1420		-1.9518	0.5468		2.0675	0.9108		0.7063	4.8196	0.4596	4.8196	0.3399	6.4218
pBank	-0.1068	0.1312		0.0841	0.0575		-0.6491	4.5067	**	0.7171	5.4651	0.8104	5.4651	0.0338	7.1173
Growth	0.2103	0.2717		0.7780	2.2225		0.7310	1.1506		0.6022	1.2503	0.1360	1.2503	0.2834	1.3270
MB	-0.1285	5.4298	**	-0.1928	5.7658	**	-0.2030	4.6763	**	0.0198	1.3668	0.0163	1.3668	0.0306	1.4778
Tax	-2.6825	0.8433		-4.7399	1.4517		-0.9290	0.0424		0.3584	1.4637	0.2283	1.4637	0.8369	1.5557
AC	0.1085	0.1870		-0.1296	0.1811		0.0478	0.0290		0.6655	1.6286	0.6705	1.6286	0.8647	1.6472
Lag	-0.0737	0.0479		-0.2406	0.3525		-0.3495	0.6718		0.8268	1.3937	0.5527	1.3937	0.4124	1.3720
Busy	0.1032	0.1431		-0.2072	0.3255		-0.2244	0.3681		0.7053	1.0868	0.5683	1.0868	0.5440	1.0523
Noe	0.0503	6.5333	**	0.0289	0.9062		0.0356	1.2763		0.0106	3.4030	0.3411	3.4030	0.2586	3.5329
Std	-2.8077	7.6473	***	-11.8473	18.0315	***	-9.6993	9.3467	***	0.0057	1.3136	0.0000	1.3136	0.0022	1.2878
Intercept	-0.2376	0.0099		0.7502	0.0733		-1.1460	0.1210		0.9209	-	0.7866	-	0.7279	-
Nagelkerke R^2		0.1489			0.2182			0.2312							
Number of Obs.		1125			1125			834							

Appendix 163: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long7} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT$_{Long7}$	0.1242	0.2465		-0.0485	0.0398		-0.1649	0.4667		0.6196	1.2309	0.8418	1.2385	0.4945	1.2293
Audit Firm-Specific Variables															
Big4	0.1583	0.2525		-0.1062	0.1049		-0.7068	3.8236	*	0.6153	1.9481	0.7460	2.0007	0.0505	1.9489
IndExp	-0.6253	1.8995		-0.4424	0.9384		-0.7799	2.4184		0.1681	1.6960	0.3327	1.7032	0.1199	1.6781
Office	-0.0973	2.7034		-0.0669	1.1809		0.0799	1.6688		0.1001	2.2435	0.2772	2.3315	0.1964	2.2307
Client-Specific Variables															
Age	0.1086	0.8818		0.0447	0.1387		0.0435	0.1117		0.3477	1.4085	0.7095	1.4477	0.7382	1.4180
Size	-0.1265	1.1445		-0.0634	0.2865		-0.1880	2.1121		0.2847	5.2896	0.5925	5.3621	0.1461	5.3338
OCF	2.1259	2.7255	*	2.8207	4.9886	**	0.8975	0.6927		0.0988	1.7416	0.0255	1.7246	0.4052	1.7330
Lev	0.8269	0.0927		-0.3200	0.0168		0.9776	0.3609		0.7608	4.7535	0.8968	4.6964	0.5480	4.8196
pBank	-0.1911	0.2409		-0.0903	0.0642		-0.1634	0.6791		0.6235	5.3850	0.7999	5.3498	0.4099	5.4651
Growth	0.7766	2.9448	*	0.5896	1.7009		0.5516	2.3418		0.0862	1.2480	0.1922	1.2554	0.1259	1.2503
MB	-0.1982	6.1406	**	-0.1463	4.2059	**	0.0459	0.6551		0.0132	1.3622	0.0403	1.4157	0.4183	1.3668
Tax	0.3789	0.0151		-2.4584	0.5240		1.5729	0.1868		0.9020	1.4714	0.4691	1.5266	0.6656	1.4637
AC	0.3471	1.8158		0.0423	0.0270		0.2172	0.3436		0.1778	1.5985	0.8695	1.6316	0.5578	1.6286
Lag	0.0280	0.0069		0.0140	0.0014		-0.0403	0.0076		0.9340	1.4062	0.9697	1.3953	0.9304	1.3937
Busy	-0.1195	0.1550		-0.1731	0.3050		0.2512	0.3949		0.6938	1.0976	0.5808	1.1208	0.5297	1.0868
Noe	0.0401	2.4160		0.0334	1.5427		0.0642	5.9471	**	0.1201	3.3799	0.2142	3.4179	0.0147	3.4030
Std	-9.3654	15.0375	***	-9.8508	13.9198	***	-6.8550	18.7204	***	0.0001	1.3085	0.0002	1.3063	0.0000	1.3136
Intercept	0.3370	0.0169		0.5579	0.0432		-1.7838	0.3740		0.8966	-	0.8354	-	0.5408	-
Nagelkerke R^2	0.1896			0.2117			0.1506								
Number of Obs.	1102			1015			1125								

Appendix 164: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long8} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long8}	-0.3255	1.7330		-0.3779	1.5170		-0.1064	0.1544		0.1880	1.2665	0.2181	1.2665	0.6943	1.2297
Audit Firm-Specific Variables															
Big4	-0.7886	7.3493	***	-0.1630	0.2091		-0.5021	1.8643		0.0067	1.9415	0.6475	1.9415	0.1721	2.0243
IndExp	-0.9203	3.9615	**	-0.2053	0.1487		-0.4354	0.6895		0.0466	1.6785	0.6997	1.6785	0.4063	1.6159
Office	-0.0331	0.3549		-0.0478	0.5607		-0.0029	0.0022		0.5513	2.2274	0.4540	2.2274	0.9630	2.2901
Client-Specific Variables															
Age	-0.0184	0.0353		0.1131	0.5529		0.1345	1.0882		0.8509	1.4219	0.4571	1.4219	0.2969	1.3853
Size	-0.0383	0.1255		0.0528	0.1331		-0.0455	0.1044		0.7232	5.3813	0.7153	5.3813	0.7466	5.4202
OCF	2.2301	3.9054	**	3.3324	5.2119	**	2.5132	3.5424	*	0.0481	1.7343	0.0224	1.7343	0.0598	1.7425
Lev	-0.8820	0.1755		-2.0644	0.6113		2.0740	0.9167		0.6753	4.8413	0.4343	4.8413	0.3383	6.4324
pBank	-0.0961	0.1042		0.0970	0.0759		-0.6512	4.5558	**	0.7469	5.4811	0.7829	5.4811	0.0328	7.1205
Growth	0.2128	0.2780		0.7833	2.2159		0.7184	1.1124		0.5980	1.2505	0.1366	1.2505	0.2916	1.3274
MB	-0.1297	5.5676	**	-0.1938	5.7641	**	-0.2034	4.7329	**	0.0183	1.3667	0.0164	1.3667	0.0296	1.4776
Tax	-2.7560	0.8755		-4.9251	1.5521		-1.0051	0.0492		0.3494	1.4638	0.2128	1.4638	0.8245	1.5576
AC	0.1157	0.2135		-0.1274	0.1786		0.0489	0.0307		0.6440	1.6288	0.6726	1.6288	0.8610	1.6433
Lag	-0.0706	0.0432		-0.2393	0.3462		-0.3524	0.6793		0.8353	1.3948	0.5562	1.3948	0.4098	1.3720
Busy	0.0949	0.1210		-0.2183	0.3640		-0.2239	0.3690		0.7279	1.0856	0.5463	1.0856	0.5435	1.0495
Noe	0.0497	6.2794	**	0.0280	0.8409		0.0352	1.2389		0.0122	3.4018	0.3591	3.4018	0.2657	3.5322
Std	-2.8158	7.6782	***	-11.7678	18.0332	***	-9.7068	9.3813	***	0.0056	1.3187	0.0000	1.3187	0.0022	1.2879
Intercept	-0.3081	0.0164		0.7244	0.0686		-1.2178	0.1343		0.8982	-	0.7933	-	0.7140	-
Nagelkerke R^2		0.1500			0.2189			0.2315							
Number of Obs.		1125			1125			834							

Appendix 165: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long8} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT$_{Long8}$	0.1064	0.1836		-0.1025	0.1703		-0.0535	0.0490		0.6683	1.2700	0.6798	1.2796	0.8249	1.2665
Audit Firm-Specific Variables															
Big4	0.1520	0.2363		-0.1141	0.1212		-0.6805	3.5743	*	0.6269	1.9424	0.7278	1.9894	0.0587	1.9415
IndExp	-0.6270	1.9019		-0.4410	0.9376		-0.7813	2.4480		0.1679	1.6968	0.3329	1.7040	0.1177	1.6785
Office	-0.0964	2.6071		-0.0655	1.0924		0.0762	1.5136		0.1064	2.2409	0.2959	2.3235	0.2186	2.2274
Client-Specific Variables															
Age	0.1107	0.9145		0.0502	0.1742		0.0305	0.0553		0.3389	1.4112	0.6764	1.4551	0.8141	1.4219
Size	-0.1268	1.1669		-0.0587	0.2484		-0.1930	2.2496		0.2800	5.3428	0.6182	5.4094	0.1337	5.3813
OCF	2.1301	2.7673	*	2.8563	5.1849	**	0.8476	0.6273		0.0962	1.7434	0.0228	1.7263	0.4283	1.7343
Lev	0.8506	0.0979		-0.3729	0.0227		0.9683	0.3568		0.7544	4.7797	0.8802	4.7182	0.5503	4.8413
pBank	-0.1928	0.2447		-0.0840	0.0554		-0.1667	0.7251		0.6208	5.4018	0.8140	5.3628	0.3945	5.4811
Growth	0.7746	2.9579	*	0.5914	1.7111		0.5508	2.3389		0.0855	1.2480	0.1908	1.2557	0.1262	1.2505
MB	-0.1978	6.0873	**	-0.1465	4.2514	**	0.0442	0.6104		0.0136	1.3621	0.0392	1.4154	0.4346	1.3667
Tax	0.4187	0.0185		-2.5302	0.5531		1.5986	0.1931		0.8919	1.4717	0.4571	1.5265	0.6603	1.4638
AC	0.3472	1.8115		0.0445	0.0300		0.2174	0.3474		0.1783	1.5983	0.8625	1.6327	0.5556	1.6288
Lag	0.0271	0.0065		0.0146	0.0015		-0.0403	0.0077		0.9359	1.4073	0.9687	1.3954	0.9302	1.3948
Busy	-0.1158	0.1461		-0.1724	0.3028		0.2411	0.3634		0.7023	1.0971	0.5821	1.1196	0.5466	1.0856
Noe	0.0401	2.4124		0.0329	1.4877		0.0645	6.0195	**	0.1204	3.3787	0.2226	3.4169	0.0141	3.4018
Std	-9.3779	15.0576	***	-9.8386	13.9539	***	-6.8112	18.5984	***	0.0001	1.3142	0.0002	1.3116	0.0000	1.3187
Intercept	0.3275	0.0159		0.5205	0.0373		-1.7002	0.3398		0.8996	-	0.8469	-	0.5599	-
Nagelkerke R^2	0.1895			0.2119			0.1499								
Number of Obs.	1102			1015			1125								

Appendix 166: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long9} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long9}	-0.2781	1.1206		-0.5593	3.0379	*	-0.2314	0.5402		0.2898	1.2869	0.0813	1.2869	0.4623	1.2351
Audit Firm-Specific Variables															
Big4	-0.7681	6.9610	***	-0.1591	0.1980		-0.5190	1.9954		0.0083	1.9354	0.6563	1.9354	0.1578	2.0207
IndExp	-0.9037	3.7921	*	-0.1762	0.1097		-0.4189	0.6471		0.0515	1.6797	0.7405	1.6797	0.4212	1.6181
Office	-0.0353	0.4049		-0.0488	0.5932		-0.0007	0.0001		0.5246	2.2173	0.4412	2.2173	0.9913	2.2856
Client-Specific Variables															
Age	-0.0309	0.1012		0.1132	0.5486		0.1409	1.2067		0.7504	1.4008	0.4589	1.4008	0.2720	1.3728
Size	-0.0429	0.1608		0.0736	0.2684		-0.0334	0.0568		0.6884	5.4164	0.6044	5.4164	0.8116	5.4230
OCF	2.1608	3.8124	*	3.3985	5.5964	**	2.5590	3.7874	*	0.0509	1.7293	0.0180	1.7293	0.0516	1.7340
Lev	-0.8301	0.1600		-2.1771	0.6607		2.0358	0.8896		0.6892	4.8148	0.4163	4.8148	0.3456	6.4099
pBank	-0.1068	0.1338		0.1075	0.0909		-0.6468	4.6013	**	0.7146	5.4441	0.7630	5.4441	0.0319	7.0927
Growth	0.2112	0.2739		0.7859	2.1490		0.6959	1.0388		0.6007	1.2510	0.1427	1.2510	0.3081	1.3281
MB	-0.1303	5.5455	**	-0.2003	5.8773	**	-0.2052	4.8246	**	0.0185	1.3666	0.0153	1.3666	0.0281	1.4778
Tax	-2.6926	0.8375		-5.0263	1.6294		-1.0624	0.0560		0.3601	1.4648	0.2018	1.4648	0.8130	1.5575
AC	0.1217	0.2349		-0.1260	0.1728		0.0462	0.0273		0.6279	1.6299	0.6777	1.6299	0.8687	1.6432
Lag	-0.0740	0.0484		-0.2426	0.3492		-0.3533	0.6724		0.8259	1.3968	0.5546	1.3968	0.4122	1.3723
Busy	0.0995	0.1329		-0.2051	0.3169		-0.2233	0.3702		0.7154	1.0860	0.5735	1.0860	0.5429	1.0486
Noe	0.0501	6.4028	**	0.0275	0.7987		0.0349	1.2040		0.0114	3.4018	0.3715	3.4018	0.2725	3.5321
Std	-2.8098	7.5262	***	-11.8659	18.0996	***	-9.7544	9.3152	***	0.0061	1.3128	0.0000	1.3128	0.0023	1.2829
Intercept	-0.2665	0.0125		0.5892	0.0459		-1.3285	0.1609		0.9108	-	0.8303	-	0.6883	-
Nagelkerke R^2		0.1488			0.2214			0.2324							
Number of Obs.		1125			1125			834							

Appendix 167: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long9} (2/2)

	***Less Freq*$_{Beat}$**			***Less Freq*$_{AF\_Switch}$**			***Just Miss***			***Less Freq*$_{Beat}$**		***Less Freq*$_{AF\_Switch}$**		***Just Miss***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long9}	0.0046	0.0003		-0.2147	0.5369		0.1648	0.3401		0.9870	1.2885	0.4637	1.3048	0.5597	1.2869
Audit Firm-Specific Variables															
Big4	0.1307	0.1729		-0.1243	0.1427		-0.6425	3.1910	*	0.6776	1.9358	0.7056	1.9826	0.0740	1.9354
IndExp	-0.6228	1.8768		-0.4269	0.8899		-0.7929	2.5015		0.1707	1.6978	0.3455	1.7056	0.1137	1.6797
Office	-0.0936	2.4393		-0.0641	1.0362		0.0716	1.3243		0.1183	2.2296	0.3087	2.3077	0.2498	2.2173
Client-Specific Variables															
Age	0.1208	1.0943		0.0552	0.2126		0.0088	0.0044		0.2955	1.3903	0.6447	1.4372	0.9471	1.4008
Size	-0.1174	1.0186		-0.0488	0.1730		-0.2094	2.5754		0.3129	5.3773	0.6774	5.4506	0.1085	5.4164
OCF	2.1901	2.9666	*	2.9047	5.5165	**	0.7881	0.5484		0.0850	1.7371	0.0188	1.7212	0.4590	1.7293
Lev	0.7790	0.0810		-0.4485	0.0326		1.0045	0.3938		0.7760	4.7489	0.8566	4.6906	0.5303	4.8148
pBank	-0.1842	0.2199		-0.0753	0.0443		-0.1763	0.8347		0.6391	5.3626	0.8332	5.3304	0.3609	5.4441
Growth	0.7768	2.9585	*	0.5908	1.6831		0.5457	2.2483		0.0854	1.2485	0.1945	1.2563	0.1338	1.2510
MB	-0.1980	6.0758	**	-0.1482	4.2951	**	0.0424	0.5724		0.0137	1.3620	0.0382	1.4152	0.4493	1.3666
Tax	0.3677	0.0144		-2.6216	0.6057		1.7536	0.2341		0.9046	1.4729	0.4364	1.5276	0.6285	1.4648
AC	0.3461	1.8064		0.0495	0.0372		0.2083	0.3245		0.1789	1.5989	0.8470	1.6342	0.5689	1.6299
Lag	0.0272	0.0064		0.0131	0.0012		-0.0367	0.0065		0.9361	1.4093	0.9720	1.3966	0.9356	1.3968
Busy	-0.1138	0.1409		-0.1650	0.2784		0.2316	0.3338		0.7074	1.0975	0.5977	1.1199	0.5635	1.0860
Noe	0.0393	2.3126		0.0324	1.4346		0.0654	6.2741	**	0.1283	3.3787	0.2310	3.4170	0.0123	3.4018
Std	-9.3763	15.0642	***	-9.8532	13.9018	***	-6.7550	18.2430	***	0.0001	1.3080	0.0002	1.3054	0.0000	1.3128
Intercept	0.2433	0.0086		0.4520	0.0280		-1.5294	0.2779		0.9259	-	0.8671	-	0.5981	-
Nagelkerke R^2	0.1891			0.2127			0.1505								
Number of Obs.	1102			1015			1125								

Appendix 168: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long10} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long10}	-0.0906	0.0894		-0.1355	0.1508		-0.2811	0.6531		0.7650	1.2816	0.6978	1.2816	0.4190	1.2516
Audit Firm-Specific Variables															
Big4	-0.7391	6.5443	**	-0.1135	0.1013		-0.5205	2.0601		0.0105	1.9253	0.7503	1.9253	0.1512	2.0176
IndExp	-0.9210	3.8377	*	-0.1896	0.1267		-0.4191	0.6577		0.0501	1.6803	0.7219	1.6803	0.4174	1.6168
Office	-0.0380	0.4716		-0.0542	0.7259		-0.0028	0.0020		0.4923	2.2074	0.3942	2.2074	0.9639	2.2720
Client-Specific Variables															
Age	-0.0456	0.2211		0.0773	0.2540		0.1351	1.1163		0.6382	1.3835	0.6142	1.3835	0.2907	1.3627
Size	-0.0599	0.3295		0.0303	0.0474		-0.0251	0.0316		0.5660	5.4004	0.8277	5.4004	0.8590	5.4769
OCF	2.0862	3.5862	*	3.1436	4.8949	**	2.5592	3.7968	*	0.0583	1.7265	0.0269	1.7265	0.0514	1.7320
Lev	-0.7695	0.1453		-1.8808	0.5517		1.9162	0.7771		0.7031	4.8170	0.4576	4.8170	0.3780	6.4142
pBank	-0.1145	0.1632		0.0730	0.0474		-0.6351	4.4059	**	0.6862	5.4434	0.8276	5.4434	0.0358	7.0930
Growth	0.2195	0.3021		0.7783	2.2042		0.7020	1.0520		0.5825	1.2506	0.1376	1.2506	0.3050	1.3260
MB	-0.1295	5.5240	**	-0.1936	5.6540	**	-0.2069	4.7597	**	0.0188	1.3677	0.0174	1.3677	0.0291	1.4787
Tax	-2.5872	0.7781		-4.6758	1.4215		-1.0580	0.0555		0.3777	1.4630	0.2332	1.4630	0.8138	1.5562
AC	0.1122	0.2001		-0.1225	0.1658		0.0398	0.0203		0.6546	1.6298	0.6839	1.6298	0.8868	1.6433
Lag	-0.0785	0.0554		-0.2371	0.3375		-0.3581	0.6846		0.8140	1.3970	0.5613	1.3970	0.4080	1.3724
Busy	0.0879	0.1044		-0.2348	0.4184		-0.2360	0.4165		0.7466	1.0857	0.5178	1.0857	0.5187	1.0486
Noe	0.0509	6.7636	***	0.0307	1.0205		0.0343	1.1494		0.0093	3.4048	0.3124	3.4048	0.2837	3.5328
Std	-2.7639	7.4390	***	-11.7903	17.5926	***	-9.6838	9.3993	***	0.0064	1.3127	0.0000	1.3127	0.0022	1.2827
Intercept	-0.0683	0.0009		0.9396	0.1215		-1.2749	0.1508		0.9765	-	0.7274	-	0.6977	-
Nagelkerke R^2		0.1470			0.2158			0.2325							
Number of Obs.		1125			1125			834							

Appendix 169: Benchmark Sensitivity Analyses at Audit Firm Level: MBE_{FE} on FT_{Long10} (2/2)

	Less Freq$_{Beat}$			*Less Freq$_{AF_Switch}$*			*Just Miss*			*Freq. Beat*		*Freq. Switch*		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variable															
FT_{Long10}	-0.0277	0.0079		-0.1886	0.3497		0.4156	1.8639		0.9292	1.2812	0.5543	1.3019	0.1722	1.2816
Audit Firm-Specific Variables															
Big4	0.1269	0.1710		-0.1127	0.1218		-0.6274	2.9926	*	0.6793	1.9228	0.7271	1.9716	0.0836	1.9253
IndExp	-0.6198	1.8433		-0.4291	0.8965		-0.8187	2.6415		0.1746	1.6985	0.3437	1.7062	0.1041	1.6803
Office	-0.0932	2.5071		-0.0665	1.1566		0.0717	1.3410		0.1133	2.2177	0.2822	2.2921	0.2469	2.2074
Client-Specific Variables															
Age	0.1222	1.1123		0.0468	0.1503		0.0020	0.0002		0.2916	1.3739	0.6982	1.4222	0.9882	1.3835
Size	-0.1148	0.9820		-0.0527	0.2052		-0.2239	3.0128	*	0.3217	5.3585	0.6506	5.4392	0.0826	5.4004
OCF	2.2009	3.0304	*	2.8596	5.4144	**	0.7518	0.4986		0.0817	1.7336	0.0200	1.7177	0.4801	1.7265
Lev	0.7534	0.0758		-0.4576	0.0348		1.1075	0.4716		0.7831	4.7495	0.8521	4.6937	0.4923	4.8170
pBank	-0.1811	0.2130		-0.0737	0.0437		-0.1956	0.9950		0.6444	5.3616	0.8343	5.3311	0.3185	5.4434
Growth	0.7770	2.9605	*	0.5919	1.7130		0.5570	2.3618		0.0853	1.2482	0.1906	1.2557	0.1243	1.2506
MB	-0.1985	6.0293	**	-0.1496	4.3010	**	0.0463	0.7018		0.0141	1.3631	0.0381	1.4162	0.4022	1.3677
Tax	0.3631	0.0140		-2.4951	0.5492		1.7999	0.2489		0.9060	1.4705	0.4586	1.5233	0.6179	1.4630
AC	0.3464	1.8086		0.0466	0.0329		0.1991	0.2916		0.1787	1.5991	0.8561	1.6336	0.5892	1.6298
Lag	0.0269	0.0063		0.0133	0.0013		-0.0348	0.0062		0.9367	1.4096	0.9716	1.3973	0.9374	1.3970
Busy	-0.1132	0.1392		-0.1749	0.3136		0.2279	0.3220		0.7091	1.0973	0.5755	1.1196	0.5704	1.0857
Noe	0.0392	2.2888		0.0331	1.5051		0.0648	6.1276	**	0.1303	3.3816	0.2199	3.4195	0.0133	3.4048
Std	-9.3728	15.0161	***	-9.8197	13.7796	***	-6.7598	18.3793	***	0.0001	1.3075	0.0002	1.3056	0.0000	1.3127
Intercept	0.2312	0.0079		0.5492	0.0425		-1.5187	0.2843		0.9290	-	0.8366	-	0.5939	-
Nagelkerke R^2	0.1891			0.2122			0.1531								
Number of Obs.	1102			1015			1125								

Appendix 170: Benchmark Analysis at Audit Partner Level: MBE_{FE} on *EPT* and *RPT*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT	0.0734	1.2162		0.2701	1.3276
RPT	0.0700	0.9446		0.3311	1.2839
Audit Partner-Specific Variables					
EP_{Exp}	0.0084	0.1380		0.7103	1.3414
RP_{Exp}	-0.0520	8.0166	***	0.0046	1.2223
$EP_{Ability}$	-0.1072	0.0521		0.8195	1.0827
$RP_{Ability}$	0.1309	0.2707		0.6028	1.1881
Gender	-0.2331	0.8457		0.3578	1.1242
Audit Firm-Specific Variables					
Big4	-0.1366	0.1821		0.6696	1.9820
IndExp	-0.3654	0.7060		0.4008	1.6918
Office	-0.0357	0.3506		0.5538	2.2878
Client-Specific Variables					
Age	0.0721	0.3401		0.5598	1.3726
Size	-0.0572	0.2612		0.6093	5.4391
OCF	2.4521	4.2606	**	0.0390	1.7324
Lev	-0.4243	0.0281		0.8669	4.8580
pBank	-0.1115	0.0960		0.7566	5.4990
Growth	0.7740	3.3260	*	0.0682	1.2591
MB	-0.1795	6.2781	**	0.0122	1.3939
Tax	-1.1006	0.1129		0.7369	1.4827
AC	0.2265	0.8138		0.3670	1.6619
Lag	0.0312	0.0090		0.9243	1.4061
Busy	-0.1978	0.4577		0.4987	1.0941
Noe	0.0304	1.3204		0.2505	3.4814
Std	-9.6710	15.4871	***	0.0001	1.3330
Y2008	-0.1228	0.1191		0.7300	1.6783
Y2009	-0.4188	1.1785		0.2777	1.7674
Intercept	0.0492	0.0004		0.9839	-
Nagelkerke R^2		0.2263			
Number of Obs.		1125			

Appendix 171: Benchmark Analysis at Audit Partner Level: MBE_{FE} on EPT_{Short} and RPT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short}	-0.4901	3.7249	*	0.0536	1.2988
RPT_{Short}	-0.2500	0.9601		0.3272	1.2456
Audit Partner-Specific Variables					
EP_{Exp}	0.0044	0.0401		0.8413	1.3220
RP_{Exp}	-0.0521	8.3188	***	0.0039	1.1949
$EP_{Ability}$	-0.1074	0.0528		0.8183	1.0826
$RP_{Ability}$	0.1085	0.1894		0.6634	1.1881
Gender	-0.2213	0.7739		0.3790	1.1223
Audit Firm-Specific Variables					
Big4	-0.1564	0.2430		0.6221	1.9759
IndExp	-0.4147	0.8763		0.3492	1.6927
Office	-0.0358	0.3565		0.5505	2.2843
Client-Specific Variables					
Age	0.0595	0.2324		0.6298	1.3714
Size	-0.0528	0.2207		0.6385	5.4363
OCF	2.4574	4.4276	**	0.0354	1.7320
Lev	-0.4783	0.0352		0.8511	4.8573
pBank	-0.1132	0.0974		0.7550	5.4930
Growth	0.7560	3.2251	*	0.0725	1.2597
MB	-0.1706	5.6532	**	0.0174	1.3913
Tax	-1.5954	0.2332		0.6292	1.4795
AC	0.2400	0.9296		0.3350	1.6607
Lag	-0.0116	0.0013		0.9717	1.4050
Busy	-0.2025	0.4785		0.4891	1.0940
Noe	0.0292	1.1871		0.2759	3.4753
Std	-9.6833	14.9973	***	0.0001	1.3321
Intercept	1.1672	0.2302		0.6314	-
Nagelkerke R^2		0.2323			
Number of Obs.		1125			

Appendix 172: Benchmark Analysis at Audit Partner Level: MBE_{FE} on EPT_{Long} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long}	0.1615	0.1831		0.6687	1.1543
RPT_{Long}	0.3723	0.9955		0.3184	1.1469
Audit Partner-Specific Variables					
EP_{Exp}	0.0129	0.3183		0.5726	1.2860
RP_{Exp}	-0.0492	7.4719	***	0.0063	1.1907
$EP_{Ability}$	-0.1115	0.0551		0.8145	1.0830
$RP_{Ability}$	0.1660	0.4351		0.5095	1.1873
Gender	-0.2499	0.9666		0.3255	1.1224
Audit Firm-Specific Variables					
Big4	-0.1339	0.1729		0.6775	1.9753
IndExp	-0.3359	0.6071		0.4359	1.6932
Office	-0.0361	0.3513		0.5534	2.2804
Client-Specific Variables					
Age	0.0786	0.4236		0.5152	1.3696
Size	-0.0622	0.3185		0.5725	5.4396
OCF	2.4398	4.1933	**	0.0406	1.7327
Lev	-0.2522	0.0100		0.9205	4.8278
pBank	-0.1361	0.1442		0.7042	5.4597
Growth	0.7940	3.4527	*	0.0631	1.2574
MB	-0.1842	6.7740	***	0.0092	1.3926
Tax	-1.3270	0.1635		0.6860	1.4787
AC	0.2099	0.7139		0.3982	1.6604
Lag	0.0377	0.0133		0.9081	1.4024
Busy	-0.1783	0.3619		0.5475	1.0922
Noe	0.0316	1.4828		0.2233	3.4768
Std	-9.6735	15.4688	***	0.0001	1.3299
Intercept	0.2513	0.0106		0.9180	-
Nagelkerke R^2		0.2235			
Number of Obs.		1125			

Appendix 173: Benchmark Analysis at Audit Partner Level: MBE_{FE} on EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short}	-0.5560	3.6042	*	0.0576	1.6732
EPT_{Long}	-0.2167	0.2560		0.6129	1.4873
RPT_{Short}	-0.1863	0.4398		0.5072	1.5680
RPT_{Long}	0.2244	0.3043		0.5812	1.4427
Audit Partner-Specific Variables					
EP_{Exp}	0.0046	0.0421		0.8375	1.3323
RP_{Exp}	-0.0535	8.3535	***	0.0038	1.2081
$EP_{Ability}$	-0.1169	0.0611		0.8048	1.0832
$RP_{Ability}$	0.1059	0.1819		0.6698	1.1893
Gender	-0.2205	0.7702		0.3802	1.1236
Audit Firm-Specific Variables					
Big4	-0.1579	0.2434		0.6218	1.9796
IndExp	-0.4080	0.8543		0.3553	1.6941
Office	-0.0333	0.3081		0.5789	2.2877
Client-Specific Variables					
Age	0.0600	0.2379		0.6258	1.3714
Size	-0.0556	0.2464		0.6196	5.4444
OCF	2.4506	4.3056	**	0.0380	1.7330
Lev	-0.502	0.039		0.843	4.857
pBank	-0.1131	0.0980		0.7542	5.4978
Growth	0.7490	3.1209	*	0.0773	1.2599
MB	-0.1727	5.7327	**	0.0167	1.3984
Tax	-1.5863	0.2282		0.6329	1.4802
AC	0.2428	0.9485		0.3301	1.6609
Lag	-0.0132	0.0016		0.9678	1.4050
Busy	0.0297	1.2569		0.2622	3.4781
Noe	-9.7407	14.9448	***	0.0001	1.3330
Std	-0.2083	0.5077		0.4761	1.0940
Intercept	1.1981	0.2462		0.6198	-
Nagelkerke R^2		0.2330			
Number of Obs.		1125			

Appendix 174: Benchmark Analysis at Audit Partner Level: MBE_{FE} on EPT_{Short2} and RPT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Short2}	-0.0848	0.1368		0.7115	1.3520
RPT_{Short2}	-0.0562	0.0566		0.8119	1.3163
Audit Partner-Specific Variables					
EP_{Exp}	0.0151	0.4542		0.5004	1.3148
RP_{Exp}	-0.0466	6.9946	***	0.0082	1.1925
$EP_{Ability}$	-0.1029	0.0463		0.8297	1.0825
$RP_{Ability}$	0.1558	0.3963		0.5290	1.1895
Gender	-0.2311	0.8420		0.3588	1.1250
Audit Firm-Specific Variables					
Big4	-0.1455	0.2086		0.6479	1.9750
IndExp	-0.3261	0.5493		0.4586	1.6919
Office	-0.0384	0.4103		0.5218	2.2832
Client-Specific Variables					
Age	0.0760	0.3866		0.5341	1.3740
Size	-0.0527	0.2215		0.6379	5.4504
OCF	2.5283	4.5789	**	0.0324	1.7332
Lev	-0.2757	0.0120		0.9129	4.8609
pBank	-0.1272	0.1257		0.7230	5.5142
Growth	0.7944	3.4989	*	0.0614	1.2627
MB	-0.1803	6.3150	**	0.0120	1.3930
Tax	-1.4091	0.1856		0.6666	1.4856
AC	0.2091	0.6887		0.4066	1.6623
Lag	0.0319	0.0093		0.9232	1.4058
Busy	-0.1796	0.3803		0.5374	1.0933
Noe	0.0313	1.3846		0.2393	3.4815
Std	-9.7508	15.6147	***	0.0001	1.3355
Intercept	0.2972	0.0148		0.9032	-
Nagelkerke R^2		0.2215			
Number of Obs.		1125			

Appendix 175: Benchmark Analysis at Audit Partner Level: MBE_{FE} on EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
EPT_{Long5}	0.5706	4.6860	**	0.0304	1.2302
RPT_{Long5}	0.2053	0.4890		0.4844	1.1966
Audit Partner-Specific Variables					
EP_{Exp}	0.0050	0.0519		0.8199	1.3066
RP_{Exp}	-0.0503	7.9075	***	0.0049	1.1950
$EP_{Ability}$	-0.0866	0.0348		0.8521	1.0834
$RP_{Ability}$	0.1239	0.2328		0.6294	1.1882
Gender	-0.2484	0.9531		0.3289	1.1219
Audit Firm-Specific Variables					
Big4	-0.1423	0.1956		0.6583	1.9759
IndExp	-0.4029	0.8334		0.3613	1.6936
Office	-0.0394	0.4152		0.5194	2.2917
Client-Specific Variables					
Age	0.0703	0.3362		0.5620	1.3691
Size	-0.0622	0.3111		0.5770	5.4357
OCF	2.5081	4.3639	**	0.0367	1.7323
Lev	-0.3936	0.0236		0.8779	4.8490
pBank	-0.1271	0.1216		0.7273	5.4723
Growth	0.7685	3.3824	*	0.0659	1.2578
MB	-0.1771	6.1844	**	0.0129	1.3893
Tax	-1.7169	0.2766		0.5990	1.4796
AC	0.2429	0.9552		0.3284	1.6611
Lag	-0.0034	0.0001		0.9916	1.4051
Busy	-0.1965	0.4481		0.5032	1.0924
Noe	0.0304	1.3619		0.2432	3.4725
Std	-9.6583	15.2339	***	0.0001	1.3303
Intercept	0.5150	0.0437		0.8345	-
Nagelkerke R^2		0.2304			
Number of Obs.		1125			

Appendix 176: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on *EPT* and *RPT* (1/3)

	Less FT ≤ 3			***Median***			***Beat by 1 Cent***			***Less FT ≤ 3***		***Median***		***Beat by 1 Cent***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
EPT	0.0085	0.0142		0.0283	0.1934		0.0158	0.0393		0.9052	1.2233	0.6601	1.3276	0.8428	1.3276
RPT	0.0048	0.0036		0.1206	3.3460	*	0.0997	1.2952		0.9520	1.2086	0.0674	1.2839	0.2551	1.2839
Audit Partner-Specific Variables															
EP_{Exp}	0.0355	2.3041		-0.0140	0.4885		0.0146	0.3416		0.1290	1.4954	0.4846	1.3414	0.5589	1.3414
RP_{Exp}	-0.0455	5.0118	**	-0.0304	2.9287	*	-0.0509	6.1896	**	0.0252	1.2777	0.0870	1.2223	0.0129	1.2223
$EP_{Ability}$	-0.0583	0.0148		0.4834	2.0672		0.5546	1.4333		0.9032	1.1217	0.1505	1.0827	0.2312	1.0827
$RP_{Ability}$	0.1593	0.2495		-0.4293	2.7943	*	0.1653	0.2912		0.6174	1.2149	0.0946	1.1881	0.5894	1.1881
Gender	-0.2879	0.8525		-0.3130	1.4264		-0.5408	2.7921	*	0.3558	1.1621	0.2324	1.1242	0.0947	1.1242
Audit Firm-Specific Variables															
Big4	0.1189	0.0934		-0.8087	7.7717	***	-0.0751	0.0441		0.7599	2.1440	0.0053	1.9820	0.8337	1.9820
IndExp	-0.5624	1.1246		-0.9758	4.5324	**	-0.1745	0.1088		0.2889	1.7399	0.0333	1.6918	0.7415	1.6918
Office	-0.0559	0.5467		-0.0177	0.0898		-0.0414	0.3887		0.4597	2.5055	0.7644	2.2878	0.5330	2.2878
Client-Specific Variables															
Age	0.1027	0.4107		-0.0446	0.1902		0.0890	0.3053		0.5216	1.4561	0.6627	1.3726	0.5805	1.3726
Size	-0.0720	0.3256		-0.0322	0.0897		0.0139	0.0108		0.5682	5.7882	0.7646	5.4391	0.9172	5.4391
OCF	2.1991	2.1943		2.0698	3.3630	*	2.9578	4.6492	**	0.1385	1.9901	0.0667	1.7324	0.0311	1.7324
Lev	0.3349	0.0188		-0.9567	0.1904		-1.8928	0.5356		0.8908	4.2609	0.6625	4.8580	0.4642	4.8580
pBank	-0.0833	0.0578		-0.0893	0.0831		0.0812	0.0560		0.8100	4.8637	0.7731	5.4990	0.8129	5.4990
Growth	0.6267	1.0904		0.2473	0.3919		0.7845	2.2360		0.2964	1.2713	0.5313	1.2591	0.1348	1.2591
MB	-0.1871	4.7952	**	-0.1293	4.8912	**	-0.2007	6.1534	**	0.0285	1.5192	0.0270	1.3939	0.0131	1.3939
Tax	0.9253	0.0595		-2.5633	0.7530		-4.6813	1.4824		0.8073	1.5616	0.3855	1.4827	0.2234	1.4827
AC	0.0058	0.0004		0.0648	0.0659		-0.0634	0.0433		0.9837	1.6491	0.7973	1.6619	0.8352	1.6619
Lag	0.0949	0.0683		-0.0664	0.0429		-0.1698	0.1759		0.7938	1.4693	0.8358	1.4061	0.6749	1.4061
Busy	0.0621	0.0282		0.0068	0.0006		-0.2328	0.4596		0.8666	1.1964	0.9804	1.0941	0.4978	1.0941
Noe	0.0261	0.8147		0.0490	6.0396	**	0.0275	0.7954		0.3667	3.7862	0.0140	3.4814	0.3725	3.4814
Std	-9.1197	10.1589	***	-2.9638	8.4675	***	-11.7036	17.7095	***	0.0014	1.4008	0.0036	1.3330	0.0000	1.3330
Intercept	-0.0354	0.0002		-0.3430	0.0217		0.9572	0.1279		0.9894	-	0.8828	-	0.7206	-
Nagelkerke R^2	0.2336			0.1651			0.2351								
Number of Obs.	747			1125			1125								

Appendix 177: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on *EPT* and *RPT* (2/3)

	Less Real Earnings			*Less Freq$_{Beat}$*			*Less Real Earnings*		*Less Freq$_{Beat}$*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT	0.0571	0.5790		0.0991	2.1382		0.4467	1.3436	0.1437	1.3133
RPT	-0.0181	0.0490		0.0578	0.5895		0.8248	1.2954	0.4426	1.2804
Audit Partner-Specific Variables										
EP_{Exp}	0.0092	0.1311		0.0051	0.0461		0.7173	1.3514	0.8299	1.3408
RP_{Exp}	-0.0621	7.8426	***	-0.0455	5.3897	**	0.0051	1.2208	0.0203	1.2354
$EP_{Ability}$	0.1030	0.0319		-0.0991	0.0433		0.8582	1.1078	0.8352	1.0814
$RP_{Ability}$	0.2512	0.7595		-0.0508	0.0353		0.3835	1.1591	0.8510	1.2010
Gender	-0.3058	1.1387		-0.1027	0.1635		0.2859	1.1607	0.6860	1.1283
Audit Firm-Specific Variables										
Big4	-0.4721	1.6624		0.1264	0.1594		0.1973	2.0631	0.6897	1.9709
IndExp	-0.3922	0.6247		-0.5761	1.6143		0.4293	1.6273	0.2039	1.7097
Office	0.0051	0.0058		-0.0809	1.7983		0.9392	2.3563	0.1799	2.2992
Client-Specific Variables										
Age	0.0962	0.5190		0.1033	0.7191		0.4713	1.3513	0.3964	1.3640
Size	-0.0644	0.2200		-0.1001	0.7209		0.6391	5.5016	0.3958	5.4171
OCF	2.3118	3.0378	*	2.1082	2.7779	*	0.0813	1.7462	0.0956	1.7378
Lev	1.9278	0.7591		0.4775	0.0323		0.3836	6.4516	0.8575	4.7967
pBank	-0.6174	3.9774	**	-0.1463	0.1499		0.0461	7.1489	0.6986	5.4270
Growth	0.8034	1.3280		0.7634	2.8776	*	0.2492	1.3344	0.0898	1.2571
MB	-0.2152	5.4285	**	-0.2001	6.1847	**	0.0198	1.5264	0.0129	1.3933
Tax	-0.8081	0.0328		0.9913	0.0914		0.8562	1.5743	0.7624	1.4852
AC	0.1295	0.2215		0.3816	2.0955		0.6379	1.6920	0.1477	1.6277
Lag	-0.2888	0.5044		0.0733	0.0478		0.4776	1.3900	0.8269	1.4196
Busy	-0.1196	0.1120		-0.1256	0.1756		0.7378	1.0689	0.6751	1.1053
Noe	0.0364	1.2626		0.0359	1.8676		0.2612	3.6174	0.1718	3.4594
Std	-9.5624	8.8347	***	-9.2013	15.2832	***	0.0030	1.3186	0.0001	1.3290
Intercept	-0.4863	0.0241		0.1169	0.0021		0.8767	-	0.9631	-
Nagelkerke R^2	0.2543			0.2044						
Number of Obs.	834			1125						

Appendix 178: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on *EPT* and *RPT* (3/3)

	Less Freq $_{AF\ Switch}$			***Just Miss***			***Less Freq*** $_{AF\ Switch}$		***Just Miss***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT	0.0503	0.5182		0.0272	0.1354		0.4716	1.3004	0.7129	1.3276
RPT	0.0661	0.7903		0.0343	0.2233		0.3740	1.2742	0.6366	1.2839
Audit Partner-Specific Variables										
EP_{Exp}	0.0204	0.8024		0.0051	0.0361		0.3704	1.3675	0.8494	1.3414
RP_{Exp}	-0.0571	9.5134	***	-0.0221	1.2732		0.0020	1.2420	0.2592	1.2223
$EP_{Ability}$	-0.2477	0.2566		0.4431	1.1174		0.6125	1.0913	0.2905	1.0827
$RP_{Ability}$	0.1481	0.3359		-0.6983	2.9705	*	0.5622	1.1861	0.0848	1.1881
Gender	-0.2686	0.9533		0.1985	0.4573		0.3289	1.1305	0.4989	1.1242
Audit Firm-Specific Variables										
Big4	-0.0601	0.0341		-0.7706	4.4226	**	0.8534	2.0310	0.0355	1.9820
IndExp	-0.4303	0.9405		-0.8853	3.1535	*	0.3321	1.7229	0.0758	1.6918
Office	-0.0577	0.8080		0.0735	1.1870		0.3687	2.3892	0.2759	2.2878
Client-Specific Variables										
Age	0.0203	0.0253		0.0393	0.0877		0.8735	1.4069	0.7671	1.3726
Size	-0.0588	0.2679		-0.1624	1.5262		0.6048	5.4818	0.2167	5.4391
OCF	2.6020	4.6234	**	0.8478	0.6076		0.0315	1.7247	0.4357	1.7324
Lev	-0.3668	0.0253		0.6153	0.1372		0.8735	4.7394	0.7110	4.8580
pBank	-0.0716	0.0469		-0.1358	0.4556		0.8286	5.3925	0.4997	5.4990
Growth	0.5864	1.6413		0.5005	1.7878		0.2001	1.2677	0.1812	1.2591
MB	-0.1603	5.0929	**	0.0500	0.7256		0.0240	1.4477	0.3943	1.3939
Tax	-1.2318	0.1347		1.9193	0.2655		0.7136	1.5483	0.6063	1.4827
AC	0.1155	0.1890		0.1731	0.1991		0.6637	1.6638	0.6555	1.6619
Lag	0.1202	0.1119		-0.0093	0.0004		0.7380	1.4145	0.9831	1.4061
Busy	-0.1253	0.1644		0.1662	0.1625		0.6851	1.1327	0.6869	1.0941
Noe	0.0302	1.2395		0.0677	7.0884	***	0.2656	3.4962	0.0078	3.4814
Std	-9.8132	14.1700	***	-6.9251	22.3172	***	0.0002	1.3326	0.0000	1.3330
Intercept	0.3648	0.0205		-1.8681	0.4010		0.8862	-	0.5266	-
Nagelkerke R^2	0.2340			0.1644						
Number of Obs.	1125			1125						

Appendix 179: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short} and RPT_{Short} (1/3)

	Less FT ≤ 3			***Median***			***Beat by 1 Cent***			***Less FT ≤ 3***		***Median***		***Beat by 1 Cent***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
EPT_{Short}	-0.3808	1.9871		-0.3540	2.0881		-0.2680	0.7204		0.1586	1.2179	0.1485	1.2988	0.3960	1.2988
RPT_{Short}	-0.1244	0.2122		-0.3533	2.0843		-0.6049	3.7780	*	0.6450	1.1815	0.1488	1.2456	0.0519	1.2456
Audit Partner-Specific Variables															
EP_{Exp}	0.0246	1.0651		-0.0177	0.8008		0.0079	0.0977		0.3021	1.4763	0.3708	1.3220	0.7547	1.3220
RP_{Exp}	-0.0486	5.8713	**	-0.0281	2.6267		-0.0550	7.2214	***	0.0154	1.2459	0.1051	1.1949	0.0072	1.1949
$EP_{Ability}$	-0.0494	0.0109		0.4882	2.0833		0.5730	1.5473		0.9170	1.1218	0.1489	1.0826	0.2135	1.0826
$RP_{Ability}$	0.1066	0.1107		-0.4356	2.9444	*	0.1351	0.2029		0.7394	1.2159	0.0862	1.1881	0.6524	1.1881
Gender	-0.2647	0.7246		-0.2914	1.2277		-0.5259	2.6327		0.3946	1.1620	0.2679	1.1223	0.1047	1.1223
Audit Firm-Specific Variables															
Big4	0.0868	0.0497		-0.8033	7.7069	***	-0.0951	0.0722		0.8236	2.1436	0.0055	1.9759	0.7881	1.9759
IndExp	-0.6225	1.3449		-1.0047	4.5595	**	-0.2671	0.2379		0.2462	1.7397	0.0327	1.6927	0.6257	1.6927
Office	-0.0516	0.4649		-0.0208	0.1250		-0.0408	0.3836		0.4953	2.5097	0.7237	2.2843	0.5357	2.2843
Client-Specific Variables															
Age	0.1011	0.4110		-0.0572	0.3081		0.0783	0.2252		0.5215	1.4595	0.5789	1.3714	0.6351	1.3714
Size	-0.0591	0.2128		-0.0262	0.0591		0.0178	0.0172		0.6446	5.7928	0.8079	5.4363	0.8956	5.4363
OCF	2.2437	2.3776		2.0865	3.5305	*	2.9248	4.8063	**	0.1231	1.9898	0.0603	1.7320	0.0284	1.7320
Lev	0.1362	0.0030		-1.0051	0.2122		-2.0882	0.6522		0.9565	4.2645	0.6451	4.8573	0.4193	4.8573
pBank	-0.0600	0.0286		-0.0919	0.0889		0.0944	0.0763		0.8656	4.8715	0.7656	5.4930	0.7824	5.4930
Growth	0.5555	0.8581		0.2452	0.3891		0.7729	2.1929		0.3543	1.2713	0.5328	1.2597	0.1386	1.2597
MB	-0.1773	4.0921	**	-0.1210	4.1554	**	-0.1914	5.5569	**	0.0431	1.5125	0.0415	1.3913	0.0184	1.3913
Tax	0.7588	0.0392		-3.0896	1.0802		-5.2075	1.7365		0.8430	1.5622	0.2987	1.4795	0.1876	1.4795
AC	0.0376	0.0179		0.0814	0.1050		-0.0565	0.0340		0.8936	1.6481	0.7459	1.6607	0.8537	1.6607
Lag	0.0487	0.0186		-0.1031	0.1042		-0.2167	0.2806		0.8915	1.4675	0.7468	1.4050	0.5963	1.4050
Busy	0.0511	0.0195		0.0086	0.0010		-0.2646	0.5741		0.8889	1.1951	0.9752	1.0940	0.4487	1.0940
Noe	0.0237	0.6698		0.0474	5.6334	**	0.0263	0.6828		0.4131	3.7817	0.0176	3.4753	0.4086	3.4753
Std	-9.0523	9.9094	***	-2.9593	8.2468	***	-11.5845	17.0504	***	0.0016	1.4019	0.0041	1.3321	0.0000	1.3321
Intercept	0.5106	0.0384		0.7217	0.0988		2.2430	0.6934		0.8446	-	0.7532	-	0.4050	-
Nagelkerke R^2		0.2391			0.1683			0.2461							
Number of Obs.		747			1125			1125							

Appendix 180: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short} and RPT_{Short} (2/3)

	Less Real Earnings			*Less Freq$_{Beat}$*			*Less Real Earnings*		*Less Freq$_{Beat}$*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	-0.4744	2.9254	*	-0.5996	5.4206	**	0.0872	1.3041	0.0199	1.2815
RPT_{Short}	0.0275	0.0094		-0.1945	0.5303		0.9228	1.2613	0.4665	1.2364
Audit Partner-Specific Variables										
EP_{Exp}	0.0038	0.0220		0.0014	0.0034		0.8821	1.3235	0.9535	1.3227
RP_{Exp}	-0.0629	8.2533	***	-0.0456	5.6049	**	0.0041	1.1948	0.0179	1.2047
$EP_{Ability}$	0.0826	0.0205		-0.1000	0.0443		0.8860	1.1079	0.8333	1.0812
$RP_{Ability}$	0.2130	0.5557		-0.0730	0.0739		0.4560	1.1580	0.7857	1.2009
Gender	-0.3101	1.1693		-0.0894	0.1258		0.2796	1.1570	0.7229	1.1263
Audit Firm-Specific Variables										
Big4	-0.4734	1.6815		0.1024	0.1060		0.1947	2.0522	0.7448	1.9643
IndExp	-0.4193	0.7063		-0.6265	1.9027		0.4007	1.6264	0.1678	1.7095
Office	0.0069	0.0105		-0.0805	1.7982		0.9185	2.3554	0.1799	2.2952
Client-Specific Variables										
Age	0.0907	0.4624		0.0907	0.5542		0.4965	1.3498	0.4566	1.3628
Size	-0.0636	0.2159		-0.0962	0.6553		0.6422	5.4987	0.4182	5.4120
OCF	2.3557	3.1908	*	2.1041	2.8541	*	0.0741	1.7429	0.0911	1.7375
Lev	1.8367	0.6616		0.4157	0.0242		0.4160	6.4661	0.8764	4.7937
pBank	-0.6164	3.7667	*	-0.1459	0.1474		0.0523	7.1543	0.7010	5.4192
Growth	0.7628	1.1902		0.7432	2.7668	*	0.2753	1.3326	0.0962	1.2577
MB	-0.2175	5.4423	**	-0.1909	5.5422	**	0.0197	1.5270	0.0186	1.3902
Tax	-0.6392	0.0200		0.5249	0.0254		0.8877	1.5730	0.8733	1.4837
AC	0.1421	0.2686		0.3988	2.3349		0.6043	1.6913	0.1265	1.6264
Lag	-0.2986	0.5469		0.0369	0.0121		0.4596	1.3862	0.9124	1.4181
Busy	-0.1224	0.1179		-0.1248	0.1762		0.7313	1.0678	0.6747	1.1057
Noe	0.0360	1.2280		0.0343	1.6564		0.2678	3.6139	0.1981	3.4528
Std	-9.6590	8.5444	***	-9.1808	14.6562	***	0.0035	1.3161	0.0001	1.3278
Intercept	0.0222	0.0001		1.2871	0.2617		0.9943	-	0.6089	-
Nagelkerke R^2	0.2594			0.2116						
Number of Obs.	834			1125						

Appendix 181: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short} and RPT_{Short} (3/3)

	Less Freq$_{AF\ Switch}$			*Just Miss*			*Less Freq$_{AF\ Switch}$*		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short}	-0.4588	2.9452	*	0.2415	0.6903		0.0861	1.2873	0.4061	1.2988
RPT_{Short}	-0.2366	0.8264		-0.1279	0.2188		0.3633	1.2442	0.6400	1.2456
Audit Partner-Specific Variables										
EP_{Exp}	0.0149	0.4348		0.0123	0.2290		0.5097	1.3515	0.6323	1.3220
RP_{Exp}	-0.0576	9.9796	***	-0.0205	1.1037		0.0016	1.2150	0.2935	1.1949
$EP_{Ability}$	-0.2464	0.2619		0.4643	1.2353		0.6088	1.0915	0.2664	1.0826
$RP_{Ability}$	0.1243	0.2395		-0.6841	2.8522	*	0.6246	1.1864	0.0913	1.1881
Gender	-0.2574	0.8885		0.1904	0.4254		0.3459	1.1287	0.5142	1.1223
Audit Firm-Specific Variables										
Big4	-0.0741	0.0523		-0.7961	4.8147	**	0.8192	2.0243	0.0282	1.9759
IndExp	-0.4748	1.1026		-0.8677	2.9742	*	0.2937	1.7225	0.0846	1.6927
Office	-0.0579	0.8175		0.0757	1.2923		0.3659	2.3888	0.2556	2.2843
Client-Specific Variables										
Age	0.0063	0.0025		0.0528	0.1576		0.9603	1.4065	0.6914	1.3714
Size	-0.0551	0.2312		-0.1621	1.5653		0.6306	5.4784	0.2109	5.4363
OCF	2.5558	4.5932	**	0.8494	0.6083		0.0321	1.7255	0.4354	1.7320
Lev	-0.4198	0.0323		0.6501	0.1584		0.8574	4.7364	0.6907	4.8573
pBank	-0.0763	0.0515		-0.1397	0.4969		0.8205	5.3845	0.4809	5.4930
Growth	0.5646	1.5411		0.5042	1.7888		0.2144	1.2683	0.1811	1.2597
MB	-0.1508	4.4667	**	0.0455	0.6012		0.0346	1.4442	0.4381	1.3913
Tax	-1.5626	0.2140		1.8514	0.2408		0.6437	1.5414	0.6237	1.4795
AC	0.1379	0.2732		0.1536	0.1578		0.6012	1.6631	0.6912	1.6607
Lag	0.0712	0.0393		0.0084	0.0004		0.8429	1.4125	0.9849	1.4050
Busy	-0.1317	0.1826		0.1727	0.1753		0.6691	1.1329	0.6754	1.0940
Noe	0.0289	1.1125		0.0690	7.2793	***	0.2915	3.4895	0.0070	3.4753
Std	-9.8271	13.7030	***	-6.9597	21.5336	***	0.0002	1.3318	0.0000	1.3321
Intercept	1.4058	0.3115		-2.0178	0.4481		0.5768	-	0.5032	-
Nagelkerke R^2	0.2406			0.1648						
Number of Obs.	1125			1125						

Appendix 182: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long} and RPT_{Long} (1/3)

	Less FT ≤ 3			*Median*			*Beat by 1 Cent*			*Less FT ≤ 3*		*Median*		*Beat by 1 Cent*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
EPT_{Long}	0.0483	0.0151		0.0205	0.0032		-0.3350	0.4654		0.9022	1.1601	0.9548	1.1543	0.4951	1.1543
RPT_{Long}	0.2306	0.3410		0.2966	0.7047		0.1623	0.1098		0.5592	1.1507	0.4012	1.1469	0.7404	1.1469
Audit Partner-Specific Variables															
EP_{Exp}	0.0340	1.9045		-0.0100	0.2711		0.0217	0.7271		0.1676	1.4115	0.6026	1.2860	0.3938	1.2860
RP_{Exp}	-0.0481	5.8038	**	-0.0230	1.6848		-0.0446	4.8502	**	0.0160	1.2346	0.1943	1.1907	0.0276	1.1907
$EP_{Ability}$	-0.0603	0.0159		0.4879	2.0132		0.5802	1.5081		0.8998	1.1224	0.1559	1.0830	0.2194	1.0830
$RP_{Ability}$	0.1614	0.2577		-0.4057	2.5475		0.1849	0.3619		0.6117	1.2145	0.1105	1.1873	0.5474	1.1873
Gender	-0.2997	0.9115		-0.3310	1.5606		-0.5285	2.6150		0.3397	1.1610	0.2116	1.1224	0.1059	1.1224
Audit Firm-Specific Variables															
Big4	0.1226	0.0975		-0.8031	7.6622	***	-0.0895	0.0626		0.7548	2.1312	0.0056	1.9753	0.8024	1.9753
IndExp	-0.5661	1.1565		-0.9174	4.0302	**	-0.1111	0.0447		0.2822	1.7407	0.0447	1.6932	0.8325	1.6932
Office	-0.0530	0.4813		-0.0233	0.1581		-0.0447	0.4580		0.4878	2.4824	0.6909	2.2804	0.4986	2.2804
Client-Specific Variables															
Age	0.1076	0.4688		-0.0372	0.1331		0.0905	0.3298		0.4935	1.4493	0.7152	1.3696	0.5658	1.3696
Size	-0.0769	0.3809		-0.0394	0.1349		0.0210	0.0248		0.5371	5.7844	0.7134	5.4396	0.8748	5.4396
OCF	2.1545	2.0952		2.1077	3.5459	*	3.1010	4.7670	**	0.1478	1.9910	0.0597	1.7327	0.0290	1.7327
Lev	0.3351	0.0188		-0.6912	0.0987		-1.7487	0.4615		0.8909	4.1887	0.7534	4.8278	0.4969	4.8278
pBank	-0.0846	0.0597		-0.1199	0.1487		0.0602	0.0312		0.8069	4.7947	0.6997	5.4597	0.8599	5.4597
Growth	0.6297	1.1129		0.2347	0.3467		0.8127	2.3714		0.2914	1.2700	0.5560	1.2574	0.1236	1.2574
MB	-0.1911	5.0845	**	-0.1278	4.8737	**	-0.1997	6.3815	**	0.0241	1.5213	0.0273	1.3926	0.0115	1.3926
Tax	1.0890	0.0796		-2.9975	1.0548		-5.3940	1.9909		0.7779	1.5592	0.3044	1.4787	0.1582	1.4787
AC	0.0043	0.0002		0.0484	0.0372		-0.0692	0.0528		0.9876	1.6486	0.8470	1.6604	0.8183	1.6604
Lag	0.1057	0.0873		-0.0985	0.0962		-0.1775	0.1951		0.7677	1.4644	0.7564	1.4024	0.6587	1.4024
Busy	0.0646	0.0290		0.0378	0.0186		-0.2059	0.3491		0.8647	1.1936	0.8916	1.0922	0.5546	1.0922
Noe	0.0265	0.8742		0.0500	6.3531	**	0.0283	0.8763		0.3498	3.7882	0.0117	3.4768	0.3492	3.4768
Std	-9.0848	10.1924	***	-2.9142	8.1616	***	-11.9569	18.0582	***	0.0014	1.3910	0.0043	1.3299	0.0000	1.3299
Intercept	-0.0204	0.0001		0.0448	0.0004		1.0461	0.1538		0.9938	-	0.9845	-	0.6949	-
Nagelkerke R^2	0.2346			0.1588			0.2324								
Number of Obs.	747			1125			1125								

Appendix 183: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long} and RPT_{Long} (2/3)

	Less Real Earnings			*Less Freq$_{Beat}$*			*Less Real Earnings*		*Less Freq$_{Beat}$*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long}	0.1675	0.1624		0.2547	0.4234		0.6869	1.1872	0.5152	1.1410
RPT_{Long}	-0.0102	0.0005		0.2876	0.5454		0.9815	1.1661	0.4602	1.1380
Audit Partner-Specific Variables										
EP_{Exp}	0.0121	0.2160		0.0106	0.1940		0.6421	1.2938	0.6596	1.2882
RP_{Exp}	-0.0629	8.5855	***	-0.0423	4.9289	**	0.0034	1.1915	0.0264	1.2009
$EP_{Ability}$	0.1101	0.0367		-0.1041	0.0465		0.8480	1.1087	0.8292	1.0817
$RP_{Ability}$	0.2682	0.8777		-0.0043	0.0003		0.3488	1.1560	0.9874	1.1992
Gender	-0.3132	1.2221		-0.1233	0.2365		0.2689	1.1579	0.6268	1.1271
Audit Firm-Specific Variables										
Big4	-0.4845	1.7908		0.1248	0.1532		0.1808	2.0533	0.6955	1.9623
IndExp	-0.4095	0.6930		-0.5542	1.4991		0.4051	1.6262	0.2208	1.7114
Office	0.0073	0.0120		-0.0813	1.7585		0.9129	2.3419	0.1848	2.2907
Client-Specific Variables										
Age	0.1021	0.5879		0.1109	0.8658		0.4432	1.3476	0.3521	1.3612
Size	-0.0636	0.2182		-0.1035	0.8031		0.6404	5.5030	0.3702	5.4133
OCF	2.2347	2.7760	*	2.1396	2.8831	*	0.0957	1.7414	0.0895	1.7384
Lev	1.9740	0.7991		0.6706	0.0640		0.3714	6.4428	0.8002	4.7610
pBank	-0.6211	3.9995	**	-0.1709	0.2066		0.0455	7.1295	0.6495	5.3842
Growth	0.8136	1.3779		0.777	2.911	*	0.2405	1.3350	0.088	1.255
MB	-0.2159	5.5554	**	-0.2052	6.7459	***	0.0184	1.5292	0.0094	1.3905
Tax	-0.8122	0.0327		0.7238	0.0494		0.8565	1.5733	0.8241	1.4824
AC	0.1186	0.1871		0.3599	1.9108		0.6653	1.6916	0.1669	1.6262
Lag	-0.2753	0.4653		0.0802	0.0580		0.4951	1.3858	0.8097	1.4156
Busy	-0.1285	0.1254		-0.1102	0.1300		0.7232	1.0569	0.7185	1.1038
Noe	0.0363	1.2585		0.0369	2.0442		0.2619	3.6265	0.1528	3.4543
Std	-9.5113	8.8244	***	-9.2032	15.2827	***	0.0030	1.3182	0.0001	1.3251
Intercept	-0.5048	0.0267		0.3300	0.0172		0.8703	-	0.8955	-
Nagelkerke R^2	0.2536			0.2001						
Number of Obs.	834			1125						

Appendix 184: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long} and RPT_{Long} (3/3)

	Less Freq$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long}	0.0493	0.0160		0.1532	0.1256		0.8995	1.1520	0.7230	1.1543
RPT_{Long}	0.3748	0.9848		-0.1187	0.0890		0.3210	1.1511	0.7655	1.1469
Audit Partner-Specific Variables										
EP_{Exp}	0.0240	1.0832		0.0070	0.0718		0.2980	1.3080	0.7888	1.2860
RP_{Exp}	-0.0550	9.3364	***	-0.0182	0.8848		0.0022	1.2025	0.3469	1.1907
$EP_{Ability}$	-0.2439	0.2457		0.4626	1.2225		0.6201	1.0914	0.2689	1.0830
$RP_{Ability}$	0.1739	0.4649		-0.6925	2.8775	*	0.4953	1.1862	0.0898	1.1873
Gender	-0.2879	1.0801		0.1902	0.4209		0.2987	1.1293	0.5165	1.1224
Audit Firm-Specific Variables										
Big4	-0.0532	0.0266		-0.7779	4.6330	**	0.8705	2.0220	0.0314	1.9753
IndExp	-0.4098	0.8651		-0.8749	3.0346	*	0.3523	1.7241	0.0815	1.6932
Office	-0.0591	0.8400		0.0703	1.0930		0.3594	2.3780	0.2958	2.2804
Client-Specific Variables										
Age	0.0245	0.0385		0.0417	0.0997		0.8444	1.4054	0.7522	1.3696
Size	-0.0654	0.3396		-0.1610	1.5150		0.5600	5.4817	0.2184	5.4396
OCF	2.6050	4.5978	**	0.8832	0.6646		0.0320	1.7253	0.4149	1.7327
Lev	-0.2458	0.0117		0.7573	0.2130		0.9139	4.7058	0.6444	4.8278
pBank	-0.0887	0.0744		-0.1490	0.5531		0.7850	5.3497	0.4571	5.4597
Growth	0.602	1.707		0.502	1.759		0.191	1.265	0.185	1.257
MB	-0.1635	5.3887	**	0.0509	0.7372		0.0203	1.4495	0.3906	1.3926
Tax	-1.5219	0.2016		1.7199	0.2163		0.6534	1.5413	0.6419	1.4787
AC	0.1011	0.1473		0.1738	0.2008		0.7011	1.6630	0.6540	1.6604
Lag	0.1250	0.1241		-0.0154	0.0012		0.7247	1.4065	0.9721	1.4024
Busy	-0.1076	0.1184		0.1907	0.2167		0.7307	1.1308	0.6416	1.0922
Noe	0.0313	1.3898		0.0679	7.1153	***	0.2384	3.4934	0.0076	3.4768
Std	-9.8365	14.2034	***	-6.9802	22.0722	***	0.0002	1.3292	0.0000	1.3299
Intercept	0.6003	0.0566		-1.7924	0.3650		0.8119	-	0.5457	-
Nagelkerke R^2	0.2326			0.1638						
Number of Obs.	1125			1125						

Appendix 185: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short2} and RPT_{Short2} (1/3)

	Less FT ≤ 3			*Median*			*Beat by 1 Cent*			*Less FT ≤ 3*		*Median*		*Beat by 1 Cent*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
EPT_{Short2}	0.0404	0.0251		-0.0937	0.1766		0.0695	0.0553		0.8741	1.1791	0.6743	1.3520	0.8140	1.3520
RPT_{Short2}	0.1295	0.2471		-0.2404	1.1465		-0.3056	0.9579		0.6191	1.1818	0.2843	1.3163	0.3277	1.3163
Audit Partner-Specific Variables															
EP_{Exp}	0.0383	2.7436	*	-0.0109	0.2982		0.0193	0.6182		0.0976	1.4407	0.5850	1.3148	0.4317	1.3148
RP_{Exp}	-0.0431	4.9012	**	-0.0244	2.0956		-0.0477	5.7021	**	0.0268	1.2303	0.1477	1.1925	0.0169	1.1925
$EP_{Ability}$	-0.0528	0.0123		0.4848	2.0255		0.5606	1.4368		0.9117	1.1217	0.1547	1.0825	0.2307	1.0825
$RP_{Ability}$	0.1810	0.3262		-0.4257	2.7401	*	0.1683	0.2990		0.5679	1.2178	0.0979	1.1895	0.5845	1.1895
Gender	-0.3033	0.9379		-0.3117	1.4182		-0.5294	2.6965		0.3328	1.1641	0.2337	1.1250	0.1006	1.1250
Audit Firm-Specific Variables															
Big4	0.1322	0.1145		-0.8082	7.8525	***	-0.0845	0.0564		0.7351	2.1361	0.0051	1.9750	0.8122	1.9750
IndExp	-0.5440	1.0125		-0.9306	4.0228	**	-0.1510	0.0805		0.3143	1.7416	0.0449	1.6919	0.7766	1.6919
Office	-0.0590	0.6139		-0.0221	0.1404		-0.0437	0.4364		0.4333	2.4871	0.7079	2.2832	0.5089	2.2832
Client-Specific Variables															
Age	0.0972	0.3671		-0.0405	0.1599		0.0966	0.3600		0.5446	1.4600	0.6892	1.3740	0.5485	1.3740
Size	-0.0773	0.3731		-0.0300	0.0776		0.0220	0.0270		0.5413	5.8033	0.7806	5.4504	0.8695	5.4504
OCF	2.2182	2.2065		2.1226	3.5398	*	3.0122	4.8122	**	0.1374	1.9889	0.0599	1.7332	0.0283	1.7332
Lev	0.4604	0.0354		-0.8367	0.1457		-1.8113	0.4922		0.8507	4.2653	0.7027	4.8609	0.4830	4.8609
pBank	-0.1003	0.0838		-0.0958	0.0951		0.0781	0.0517		0.7723	4.8857	0.7578	5.5142	0.8201	5.5142
Growth	0.6441	1.1497		0.2566	0.4199		0.8189	2.4302		0.2836	1.2726	0.5170	1.2627	0.1190	1.2627
MB	-0.1877	4.7874	**	-0.1284	4.7998	**	-0.2036	6.0839	**	0.0287	1.5159	0.0285	1.3930	0.0136	1.3930
Tax	0.8136	0.0455		-2.6004	0.7710		-4.7556	1.5223		0.8312	1.5628	0.3799	1.4856	0.2173	1.4856
AC	-0.0008	0.0000		0.0589	0.0546		-0.0762	0.0622		0.9976	1.6505	0.8152	1.6623	0.8030	1.6623
Lag	0.0959	0.0691		-0.0814	0.0641		-0.1609	0.1555		0.7926	1.4683	0.8002	1.4058	0.6933	1.4058
Busy	0.0823	0.0501		0.0253	0.0083		-0.2275	0.4317		0.8229	1.1969	0.9276	1.0933	0.5111	1.0933
Noe	0.0264	0.8238		0.0489	6.0580	**	0.0274	0.7801		0.3641	3.7872	0.0138	3.4815	0.3771	3.4815
Std	-9.1683	10.2369	***	-2.9688	8.2616	***	-11.7447	18.1095	***	0.0014	1.4087	0.0040	1.3355	0.0000	1.3355
Intercept	-0.0823	0.0010		0.1732	0.0055		1.1880	0.1945		0.9749	-	0.9408	-	0.6592	-
Nagelkerke R^2		0.2342			0.1607			0.2337							
Number of Obs.		747			1125			1125							

Appendix 186: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short2} and RPT_{Short2} (2/3)

	Less Real Earnings			*Less Freq$_{Beat}$*			*Less Real Earnings*		*Less Freq$_{Beat}$*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT$_{Short2}$	0.0602	0.0533		-0.1168	0.2406		0.8175	1.3654	0.6238	1.3430
RPT$_{Short2}$	0.1371	0.2456		-0.0435	0.0321		0.6202	1.3392	0.8577	1.3123
Audit Partner-Specific Variables										
EP$_{Exp}$	0.0171	0.4614		0.0122	0.2658		0.4969	1.3227	0.6062	1.3175
RP$_{Exp}$	-0.0611	8.2921	***	-0.0404	4.6561	**	0.0040	1.1917	0.0309	1.2012
EP$_{Ability}$	0.1138	0.0390		-0.1009	0.0430		0.8434	1.1078	0.8357	1.0812
RP$_{Ability}$	0.2925	1.0394		-0.0065	0.0006		0.3080	1.1600	0.9804	1.2023
Gender	-0.3065	1.1368		-0.0995	0.1558		0.2863	1.1617	0.6930	1.1284
Audit Firm-Specific Variables										
Big4	-0.4919	1.8081		0.1201	0.1433		0.1787	2.0553	0.7050	1.9648
IndExp	-0.4111	0.6560		-0.5509	1.4862		0.4180	1.6267	0.2228	1.7101
Office	0.0051	0.0058		-0.0831	1.8875		0.9392	2.3521	0.1695	2.2938
Client-Specific Variables										
Age	0.1041	0.6201		0.1092	0.8258		0.4310	1.3547	0.3635	1.3653
Size	-0.0657	0.2285		-0.0994	0.7229		0.6327	5.5043	0.3952	5.4282
OCF	2.3012	3.0095	*	2.1720	2.9965	*	0.0828	1.7465	0.0834	1.7387
Lev	2.0030	0.8585		0.6650	0.0634		0.3542	6.4499	0.8011	4.7949
pBank	-0.6282	4.3520	**	-0.1663	0.1947		0.0370	7.1606	0.6591	5.4390
Growth	0.8208	1.4133		0.7710	2.9079	*	0.2345	1.3407	0.0881	1.2610
MB	-0.2139	5.5502	**	-0.2026	6.4360	**	0.0185	1.5254	0.0112	1.3926
Tax	-1.0939	0.0577		0.6932	0.0459		0.8101	1.5782	0.8304	1.4878
AC	0.1098	0.1582		0.3659	1.9146		0.6908	1.6915	0.1665	1.6282
Lag	-0.2806	0.4670		0.0665	0.0390		0.4944	1.3907	0.8435	1.4193
Busy	-0.1196	0.1125		-0.1195	0.1578		0.7373	1.0681	0.6912	1.1043
Noe	0.0367	1.2754		0.0368	1.9623		0.2588	3.6142	0.1613	3.4594
Std	-9.5764	9.0990	***	-9.2774	15.3587	***	0.0026	1.3226	0.0001	1.3313
Intercept	-0.5916	0.0361		0.4691	0.0346		0.8492	-	0.8524	-
Nagelkerke R^2	0.2542			0.1986						
Number of Obs.	834			1125						

Appendix 187: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short2} and RPT_{Short2} (3/3)

	Less Freq$_{AF\ Switch}$			*Just Miss*			*Less Freq$_{AF\ Switch}$*		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Short2}	-0.0566	0.0577		-0.2800	1.3328		0.8102	1.3107	0.2483	1.3520
RPT_{Short2}	-0.1035	0.1818		-0.1232	0.2629		0.6699	1.2944	0.6081	1.3163
Audit Partner-Specific Variables										
EP_{Exp}	0.0252	1.2383		0.0024	0.0078		0.2658	1.3387	0.9296	1.3148
RP_{Exp}	-0.0530	8.9482	***	-0.0229	1.4138		0.0028	1.2097	0.2344	1.1925
$EP_{Ability}$	-0.2444	0.2429		0.4388	1.0802		0.6221	1.0912	0.2987	1.0825
$RP_{Ability}$	0.1606	0.4041		-0.7175	3.0847	*	0.5250	1.1869	0.0790	1.1895
Gender	-0.2674	0.9559		0.2061	0.4847		0.3282	1.1307	0.4863	1.1250
Audit Firm-Specific Variables										
Big4	-0.0628	0.0379		-0.7598	4.3150	**	0.8457	2.0222	0.0378	1.9750
IndExp	-0.4061	0.8180		-0.8839	3.0672	*	0.3658	1.7238	0.0799	1.6919
Office	-0.0605	0.8936		0.0726	1.1531		0.3445	2.3835	0.2829	2.2832
Client-Specific Variables										
Age	0.0227	0.0319		0.0304	0.0519		0.8581	1.4078	0.8198	1.3740
Size	-0.0551	0.2349		-0.1610	1.4835		0.6279	5.4923	0.2232	5.4504
OCF	2.6824	4.9683	**	0.8607	0.6221		0.0258	1.7250	0.4303	1.7332
Lev	-0.2677	0.0139		0.5314	0.0999		0.9063	4.7384	0.7520	4.8609
pBank	-0.0794	0.0591		-0.1233	0.3662		0.8079	5.4048	0.5451	5.5142
Growth	0.6057	1.7511		0.5195	1.8822		0.1857	1.2721	0.1701	1.2627
MB	-0.1597	4.9454	**	0.0526	0.7947		0.0262	1.4467	0.3727	1.3930
Tax	-1.5525	0.2136		2.0538	0.3077		0.6440	1.5508	0.5791	1.4856
AC	0.0997	0.1396		0.1863	0.2295		0.7086	1.6640	0.6319	1.6623
Lag	0.1212	0.1122		-0.0074	0.0003		0.7377	1.4140	0.9865	1.4058
Busy	-0.1118	0.1313		0.1623	0.1538		0.7171	1.1322	0.6949	1.0933
Noe	0.0305	1.2592		0.0673	6.9561	***	0.2618	3.4960	0.0084	3.4815
Std	-9.8682	14.3026	***	-6.9591	22.7429	***	0.0002	1.3355	0.0000	1.3355
Intercept	0.6335	0.0626		-1.4248	0.2278		0.8024	-	0.6332	-
Nagelkerke R^2	0.2311			0.1673						
Number of Obs.	1125			1125						

Appendix 188: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long5} and RPT_{Long5} (1/3)

	Less FT ≤ 3			*Median*			*Beat by 1 Cent*			*Less FT ≤ 3*		*Median*		*Beat by 1 Cent*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
EPT_{Long5}	0.4314	2.5415		0.2148	0.6015		0.4430	1.7054		0.1109	1.2101	0.4380	1.2302	0.1916	1.2302
RPT_{Long5}	0.0895	0.0863		0.3900	1.9391		0.2289	0.3496		0.7690	1.1729	0.1638	1.1966	0.5543	1.1966
Audit Partner-Specific Variables															
EP_{Exp}	0.0257	1.2470		-0.0143	0.5257		0.0084	0.1116		0.2641	1.4436	0.4684	1.3066	0.7384	1.3066
RP_{Exp}	-0.0473	5.7507	**	-0.0270	2.3239		-0.0473	5.3031	**	0.0165	1.2408	0.1274	1.1950	0.0213	1.1950
$EP_{Ability}$	-0.0428	0.0083		0.4956	2.1549		0.5718	1.6047		0.9274	1.1226	0.1421	1.0834	0.2052	1.0834
$RP_{Ability}$	0.1246	0.1444		-0.4190	2.6958		0.1624	0.2754		0.7040	1.2162	0.1006	1.1882	0.5997	1.1882
Gender	-0.2972	0.8885		-0.3153	1.4349		-0.5482	2.9326	*	0.3459	1.1603	0.2310	1.1219	0.0868	1.1219
Audit Firm-Specific Variables															
Big4	0.1151	0.0853		-0.8083	7.7004	***	-0.0662	0.0340		0.7703	2.1388	0.0055	1.9759	0.8537	1.9759
IndExp	-0.6308	1.3618		-0.9760	4.4527	**	-0.1937	0.1318		0.2432	1.7413	0.0348	1.6936	0.7166	1.6936
Office	-0.0576	0.5386		-0.0193	0.1066		-0.0475	0.4995		0.4630	2.5121	0.7440	2.2917	0.4797	2.2917
Client-Specific Variables															
Age	0.1046	0.4359		-0.0463	0.2019		0.0769	0.2340		0.5091	1.4512	0.6532	1.3691	0.6286	1.3691
Size	-0.0730	0.3353		-0.0382	0.1277		0.0113	0.0070		0.5626	5.7759	0.7208	5.4357	0.9335	5.4357
OCF	2.2892	2.3643		2.1191	3.5544	*	3.0120	4.7472	**	0.1241	1.9940	0.0594	1.7323	0.0293	1.7323
Lev	0.1896	0.0059		-0.8464	0.1470		-1.8666	0.4969		0.9388	4.2327	0.7014	4.8490	0.4809	4.8490
pBank	-0.0719	0.0421		-0.1122	0.1286		0.0634	0.0324		0.8374	4.8215	0.7199	5.4723	0.8572	5.4723
Growth	0.5891	0.9894		0.2371	0.3682		0.7654	2.1934		0.3199	1.2708	0.5440	1.2578	0.1386	1.2578
MB	-0.1838	4.5918	**	-0.1255	4.6610	**	-0.1945	5.9829	**	0.0321	1.5130	0.0309	1.3893	0.0144	1.3893
Tax	0.6576	0.0301		-3.1208	1.1156		-5.2383	1.8274		0.8622	1.5626	0.2909	1.4796	0.1764	1.4796
AC	0.0384	0.0189		0.0792	0.0980		-0.0370	0.0149		0.8907	1.6487	0.7542	1.6611	0.9030	1.6611
Lag	0.0481	0.0177		-0.0922	0.0835		-0.2258	0.3158		0.8941	1.4682	0.7726	1.4051	0.5741	1.4051
Busy	0.0427	0.0129		0.0115	0.0018		-0.2240	0.4280		0.9095	1.1941	0.9666	1.0924	0.5130	1.0924
Noe	0.0249	0.7649		0.0497	6.2775	**	0.0271	0.7887		0.3818	3.7822	0.0122	3.4725	0.3745	3.4725
Std	-9.0169	10.0259	***	-2.9442	8.2862	***	-11.7395	17.5468	***	0.0015	1.3932	0.0040	1.3303	0.0000	1.3303
Intercept	0.2524	0.0091		0.0415	0.0003		1.4500	0.2936		0.9239	-	0.9857	-	0.5879	-
Nagelkerke R^2	0.2392			0.1635			0.2372								
Number of Obs.	747			1125			1125								

Appendix 189: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long5} and RPT_{Long5} (2/3)

	Less Real Earnings			*Less Freq$_{Beat}$*			*Less Real Earnings*		*Less Freq$_{Beat}$*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long5}	0.5731	4.2102	**	0.7115	7.2644	***	0.0402	1.2343	0.0070	1.2123
RPT_{Long5}	-0.1468	0.1735		0.1861	0.3735		0.6770	1.1983	0.5411	1.1871
Audit Partner-Specific Variables										
EP_{Exp}	0.0042	0.0267		0.0017	0.0053		0.8701	1.3028	0.9418	1.3062
RP_{Exp}	-0.0609	7.8810	***	-0.0445	5.3596	**	0.0050	1.1952	0.0206	1.2062
$EP_{Ability}$	0.1078	0.0355		-0.0655	0.0192		0.8506	1.1078	0.8897	1.0821
$RP_{Ability}$	0.2303	0.6273		-0.0724	0.0697		0.4284	1.1580	0.7918	1.2015
Gender	-0.3252	1.2586		-0.1219	0.2261		0.2619	1.1570	0.6344	1.1262
Audit Firm-Specific Variables										
Big4	-0.4855	1.7541		0.1237	0.1516		0.1854	2.0503	0.6970	1.9641
IndExp	-0.4196	0.6916		-0.6240	1.7827		0.4056	1.6267	0.1818	1.7104
Office	0.0012	0.0003		-0.0863	1.9766		0.9864	2.3617	0.1597	2.3026
Client-Specific Variables										
Age	0.0940	0.5081		0.1042	0.7577		0.4760	1.3472	0.3840	1.3608
Size	-0.0667	0.2389		-0.1029	0.7604		0.6250	5.4969	0.3832	5.4098
OCF	2.3204	2.9653	*	2.2026	2.9626	*	0.0851	1.7423	0.0852	1.7383
Lev	1.8819	0.6944		0.4599	0.0298		0.4047	6.4618	0.8630	4.7861
pBank	-0.6246	3.8347	*	-0.1531	0.1641		0.0502	7.1413	0.6854	5.3994
Growth	0.8012	1.3256		0.765	3.006	*	0.2496	1.3326	0.083	1.256
MB	-0.2126	5.3372	**	-0.1952	5.9768	**	0.0209	1.5254	0.0145	1.3876
Tax	-1.0388	0.0533		0.3304	0.0103		0.8173	1.5734	0.9192	1.4841
AC	0.1472	0.2891		0.3976	2.3332		0.5908	1.6952	0.1266	1.6263
Lag	-0.3225	0.6392		0.0442	0.0172		0.4240	1.3885	0.8958	1.4182
Busy	-0.1248	0.1178		-0.1345	0.2013		0.7314	1.0620	0.6537	1.1039
Noe	0.0352	1.2044		0.0356	1.8986		0.2725	3.6134	0.1682	3.4501
Std	-9.4866	8.4975	***	-9.1888	15.0151	***	0.0036	1.3176	0.0001	1.3258
Intercept	-0.2157	0.0047		0.6122	0.0577		0.9454	-	0.8102	-
Nagelkerke R^2	0.2594			0.2110						
Number of Obs.	834			1125						

Appendix 190: Benchmark Sensitivity Analyses at Audit Partner Level: MBE_{FE} on EPT_{Long5} and RPT_{Long5} (3/3)

	Less Freq$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables										
EPT_{Long5}	0.4958	3.2486	*	0.1166	0.1141		0.0715	1.2250	0.7355	1.2302
RPT_{Long5}	0.2224	0.5548		0.2788	0.8336		0.4564	1.1998	0.3612	1.1966
Audit Partner-Specific Variables										
EP_{Exp}	0.0163	0.5429		0.0047	0.0300		0.4612	1.3300	0.8625	1.3066
RP_{Exp}	-0.0561	9.8023	***	-0.0233	1.4464		0.0017	1.2105	0.2291	1.1950
$EP_{Ability}$	-0.2210	0.2134		0.4447	1.1298		0.6441	1.0918	0.2878	1.0834
$RP_{Ability}$	0.1345	0.2665		-0.6995	3.0430	*	0.6057	1.1865	0.0811	1.1882
Gender	-0.2814	1.0330		0.1971	0.4503		0.3095	1.1286	0.5022	1.1219
Audit Firm-Specific Variables										
Big4	-0.0601	0.0338		-0.7773	4.5516	**	0.8542	2.0236	0.0329	1.9759
IndExp	-0.4751	1.1163		-0.9075	3.3386	*	0.2907	1.7237	0.0677	1.6936
Office	-0.0619	0.8985		0.0759	1.2636		0.3432	2.3928	0.2610	2.2917
Client-Specific Variables										
Age	0.0168	0.0180		0.0388	0.0859		0.8932	1.4053	0.7695	1.3691
Size	-0.0657	0.3356		-0.1664	1.5792		0.5624	5.4778	0.2089	5.4357
OCF	2.6232	4.6133	**	0.8734	0.6373		0.0317	1.7246	0.4247	1.7323
Lev	-0.3444	0.0220		0.5876	0.1261		0.8820	4.7271	0.7225	4.8490
pBank	-0.0858	0.0662		-0.1395	0.4839		0.7969	5.3627	0.4867	5.4723
Growth	0.571	1.605		0.499	1.824		0.205	1.266	0.177	1.258
MB	-0.1575	4.9675	**	0.0482	0.6840		0.0258	1.4445	0.4082	1.3893
Tax	-1.7146	0.2630		1.7602	0.2189		0.6081	1.5406	0.6398	1.4796
AC	0.1328	0.2551		0.1800	0.2112		0.6135	1.6637	0.6459	1.6611
Lag	0.0820	0.0533		-0.0128	0.0008		0.8174	1.4112	0.9770	1.4051
Busy	-0.1299	0.1759		0.1600	0.1523		0.6749	1.1306	0.6963	1.0924
Noe	0.0303	1.2801		0.0685	7.1667	***	0.2579	3.4879	0.0074	3.4725
Std	-9.8149	13.9285	***	-6.9060	22.0980	***	0.0002	1.3298	0.0000	1.3303
Intercept	0.8348	0.1078		-1.7205	0.3326		0.7427	-	0.5641	-
Nagelkerke R^2	0.2387			0.1656						
Number of Obs.	1125			1125						

Appendix 191: Benchmark Sensitivity Analysis at Audit Partner Level: MBE_{FE} on *Team*

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
Team	0.1049	2.2398		0.1345	1.1568
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0232	2.2690		0.1320	1.3234
$Team_{Ability}$	0.0064	0.0007		0.9783	1.1357
Gender	-0.2214	0.7418		0.3891	1.1190
Audit Firm-Specific Variables					
Big4	-0.1654	0.2667		0.6056	1.9530
IndExp	-0.3223	0.5108		0.4748	1.6975
Office	-0.0336	0.2968		0.5859	2.2778
Client-Specific Variables					
Age	0.0827	0.4718		0.4922	1.3695
Size	-0.0599	0.2774		0.5984	5.3746
OCF	2.5500	4.4646	**	0.0346	1.7282
Lev	-0.2882	0.0110		0.9164	4.8348
pBank	-0.1305	0.1106		0.7394	5.4711
Growth	0.7767	3.3945	*	0.0654	1.2576
MB	-0.1772	6.0459	**	0.0139	1.3820
Tax	-1.6892	0.2643		0.6072	1.4736
AC	0.1869	0.5767		0.4476	1.6418
Lag	-0.0364	0.0118		0.9136	1.3994
Busy	-0.2248	0.5611		0.4538	1.0884
Noe	0.0352	1.7643		0.1841	3.4462
Std	-9.8385	15.3742	***	0.0001	1.3108
Intercept	0.2353	0.0083		0.928	-
Nagelkerke R^2		0.2145			
Number of Obs.		1125			

Appendix 192: Benchmark Sensitivity Analysis at Audit Partner Level: MBE_{FE} on $Team_{Short}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Short}$	-0.5889	5.6221	**	0.0177	1.1169
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0252	2.7336	*	0.0983	1.2943
$Team_{Ability}$	0.0008	0.0000		0.9973	1.1349
Gender	-0.1995	0.6009		0.4382	1.1191
Audit Firm-Specific Variables					
Big4	-0.1771	0.3068		0.5797	1.9517
IndExp	-0.3820	0.7021		0.4021	1.7008
Office	-0.0329	0.2903		0.5901	2.2781
Client-Specific Variables					
Age	0.0792	0.4296		0.5122	1.3695
Size	-0.0587	0.2665		0.6057	5.3641
OCF	2.5642	4.7000	**	0.0302	1.7283
Lev	-0.3380	0.0150		0.9024	4.8321
pBank	-0.1296	0.1086		0.7417	5.4644
Growth	0.7804	3.5256	*	0.0604	1.2583
MB	-0.1778	6.0679	**	0.0138	1.3817
Tax	-1.7806	0.2962		0.5863	1.4689
AC	0.1950	0.6300		0.4273	1.6416
Lag	-0.0502	0.0223		0.8813	1.3989
Busy	-0.2232	0.5527		0.4572	1.0878
Noe	0.0347	1.7180		0.1899	3.4419
Std	-9.8092	15.0685	***	0.0001	1.3114
Intercept	1.0579	0.1684		0.682	-
Nagelkerke R^2		0.2189			
Number of Obs.		1125			

Appendix 193: Benchmark Sensitivity Analysis at Audit Partner Level: MBE_{FE} on $Team_{Long}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Long}$	0.5879	1.5894		0.2074	1.0731
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0204	1.7065		0.1914	1.2632
$Team_{Ability}$	0.0289	0.0148		0.9031	1.1347
Gender	-0.2431	0.8848		0.3469	1.1162
Audit Firm-Specific Variables					
Big4	-0.1597	0.2452		0.6205	1.9560
IndExp	-0.2971	0.4333		0.5104	1.6974
Office	-0.0354	0.3216		0.5707	2.2738
Client-Specific Variables					
Age	0.0868	0.5256		0.4685	1.3701
Size	-0.0627	0.3101		0.5776	5.3618
OCF	2.4964	4.1525	**	0.0416	1.7284
Lev	-0.1616	0.0034		0.9532	4.8155
pBank	-0.1503	0.1452		0.7031	5.4465
Growth	0.7994	3.5439	*	0.0598	1.2575
MB	-0.1778	6.1810	**	0.0129	1.3836
Tax	-1.9171	0.3373		0.5614	1.4678
AC	0.1723	0.4941		0.4821	1.6393
Lag	-0.0314	0.0088		0.9252	1.3985
Busy	-0.2047	0.4612		0.4971	1.0879
Noe	0.0360	1.8764		0.1707	3.4411
Std	-9.8235	15.5471	***	0.0001	1.3075
Intercept	0.3300	0.0163		0.898	-
Nagelkerke R^2		0.2135			
Number of Obs.		1125			

Appendix 194: Benchmark Sensitivity Analysis at Audit Partner Level: MBE_{FE} on $Team_{Short2}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Short2}$	-0.0285	0.0198		0.8882	1.1110
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0183	1.4707		0.2252	1.2985
$Team_{Ability}$	0.0361	0.0239		0.8772	1.1355
Gender	-0.2438	0.9046		0.3415	1.1179
Audit Firm-Specific Variables					
Big4	-0.1787	0.3151		0.5745	1.9510
IndExp	-0.3010	0.4501		0.5023	1.6968
Office	-0.0374	0.3711		0.5424	2.2780
Client-Specific Variables					
Age	0.0865	0.5264		0.4681	1.3695
Size	-0.0625	0.3047		0.5810	5.3739
OCF	2.6397	4.7674	**	0.0290	1.7280
Lev	-0.2220	0.0066		0.9355	4.8438
pBank	-0.1413	0.1295		0.7189	5.4799
Growth	0.8146	3.7004	*	0.0544	1.2584
MB	-0.1779	6.1504	**	0.0131	1.3819
Tax	-2.3033	0.4906		0.4836	1.4690
AC	0.1627	0.4359		0.5091	1.6399
Lag	-0.0374	0.0124		0.9113	1.4005
Busy	-0.2115	0.4994		0.4798	1.0892
Noe	0.0364	1.8935		0.1688	3.4442
Std	-9.8218	15.2576	***	0.0001	1.3096
Intercept	0.4126	0.0260		0.872	-
Nagelkerke R^2		0.2118			
Number of Obs.		1125			

Appendix 195: Benchmark Sensitivity Analysis at Audit Partner Level: MBE_{FE} on $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
$Team_{Long5}$	0.6560	3.5515	*	0.0595	1.1118
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0232	2.3061		0.1289	1.2827
$Team_{Ability}$	0.0096	0.0016		0.9676	1.1350
Gender	-0.2183	0.7093		0.3997	1.1187
Audit Firm-Specific Variables					
Big4	-0.1612	0.2492		0.6177	1.9539
IndExp	-0.3549	0.6123		0.4339	1.7020
Office	-0.0334	0.2860		0.5928	2.2754
Client-Specific Variables					
Age	0.0837	0.4852		0.4861	1.3695
Size	-0.0637	0.3221		0.5703	5.3586
OCF	2.4915	4.1399	**	0.0419	1.7290
Lev	-0.1292	0.0021		0.9634	4.8158
pBank	-0.1592	0.1549		0.6939	5.4467
Growth	0.7502	3.2845	*	0.0699	1.2575
MB	-0.1746	6.0123	**	0.0142	1.3817
Tax	-2.0168	0.3773		0.5390	1.4665
AC	0.1911	0.6112		0.4343	1.6436
Lag	-0.0480	0.0203		0.8868	1.3985
Busy	-0.2168	0.5220		0.4700	1.0876
Noe	0.0359	1.8799		0.1703	3.4425
Std	-9.8794	15.3627	***	0.0001	1.3070
Intercept	0.3771	0.0207		0.886	-
Nagelkerke R^2		0.2167			
Number of Obs.		1125			

Appendix 196: Benchmark Moderator Analyses at Audit Partner Level: MBE_{FE} on *EPT*Moderator* and *RPT*Moderator*

Variable	Coeff.	Wald		p-Value
Moderator: Audit Firm Size				
*EPT*Big4*	0.1615	1.8720		0.1713
*RPT*Big4*	-0.0284	0.0557		0.8135
Moderator: Industry Expertise				
$EPT*IndExp_D$	-0.1906	2.5495		0.1103
$RPT*IndExp_D$	-0.0624	0.2665		0.6057
Moderator: Audit Office Size				
$EPT*Office_D$	0.1396	1.1424		0.2851
$RPT*Office_D$	-0.2542	3.4729	*	0.0624
Moderator: Client Size				
$EPT*Size_D$	-0.1063	0.7769		0.3781
$RPT*Size_D$	-0.2122	2.3436		0.1258
Moderator: Work Experience				
$EPT*EP_{ExpD}$	-0.0351	0.0920		0.7616
$RPT*RP_{ExpD}$	0.0016	0.0002		0.9897

Appendix 197: Benchmark Moderator Analyses at Audit Partner Level: MBE_{FE} on EPT_{Short}*Moderator and RPT_{Short}*Moderator

Variable				p-Value
Moderator: Audit Firm Size				
EPT_{Short}*Big4	-0.4586	1.1953		0.2743
RPT_{Short}*Big4	-0.1099	0.0712		0.7896
Moderator: Industry Expertise				
EPT_{Short}*$IndExp_D$	0.6093	1.8945		0.1687
RPT_{Short}*$IndExp_D$	0.5923	1.8910		0.1691
Moderator: Audit Office Size				
EPT_{Short}*$Office_D$	-0.3924	0.7149		0.3978
RPT_{Short}*$Office_D$	0.7580	2.7464	*	0.0975
Moderator: Client Size				
EPT_{Short}*$Size_D$	0.2984	0.4476		0.5035
RPT_{Short}*$Size_D$	0.3410	0.5141		0.4734
Moderator: Work Experience				
EPT_{Short}*EP_{ExpD}	0.1158	0.0740		0.7856
RPT_{Short}*RP_{ExpD}	0.0049	0.0001		0.9909

Appendix 198: Benchmark Joint Analysis: MBE_{FE} on *FT*, *EPT* and *RPT*

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT	0.0091	0.0665		0.7965	1.5551
EPT	0.0689	0.9590		0.3274	1.3785
RPT	0.0662	0.8061		0.3693	1.3770
Audit Partne-Specific Variables					
EP_{Exp}	0.0090	0.1564		0.6925	1.3445
RP_{Exp}	-0.0514	7.8780	***	0.0050	1.2398
$EP_{Ability}$	-0.1071	0.0516		0.8203	1.0855
$RP_{Ability}$	0.1318	0.2730		0.6013	1.1881
Gender	-0.2367	0.8548		0.3552	1.1250
Audit Firm-Specific Variables					
Big4	-0.1257	0.1517		0.6969	2.0145
IndExp	-0.3669	0.7072		0.4004	1.6944
Office	-0.0371	0.3783		0.5385	2.3132
Client-Specific Variables					
Age	0.0654	0.2794		0.5971	1.4346
Size	-0.0635	0.3163		0.5739	5.5979
OCF	2.4283	4.1504	**	0.0416	1.7360
Lev	-0.3843	0.0237		0.8778	4.9121
pBank	-0.1162	0.1076		0.7429	5.5401
Growth	0.7757	3.3208	*	0.0684	1.2594
MB	-0.1789	6.2591	**	0.0124	1.3945
Tax	-1.0848	0.1090		0.7413	1.4838
AC	0.2256	0.8061		0.3693	1.6619
Lag	0.0324	0.0098		0.9212	1.4091
Busy	-0.2002	0.4631		0.4962	1.0945
Noe	0.0307	1.3392		0.2472	3.4885
Std	-9.6801	15.4442	***	0.0001	1.3493
Y2008	-0.1161	0.1050		0.7459	1.6848
Y2009	-0.4142	1.1443		0.2847	1.7714
Intercept	0.0830	0.0011		0.9730	-
Nagelkerke R^2		0.2264			
Number of Obs.		1125			

Appendix 199: Benchmark Joint Analysis: MBE_{FE} on FT_{Short}, EPT_{Short} and RPT_{Short}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short}	-0.2858	1.0211		0.3123	1.6612
EPT_{Short}	-0.3973	2.2420		0.1343	1.4443
RPT_{Short}	-0.1552	0.3408		0.5594	1.4857
Audit Partne-Specific Variables					
EP_{Exp}	0.0068	0.0967		0.7559	1.3304
RP_{Exp}	-0.0510	8.0632	***	0.0045	1.2000
$EP_{Ability}$	-0.1284	0.0749		0.7844	1.0826
$RP_{Ability}$	0.1287	0.2604		0.6099	1.1898
Gender	-0.2317	0.8334		0.3613	1.1236
Audit Firm-Specific Variables					
Big4	-0.1202	0.1441		0.7043	2.0010
IndExp	-0.4070	0.8530		0.3557	1.6932
Office	-0.0395	0.4399		0.5072	2.3030
Client-Specific Variables					
Age	0.0379	0.0894		0.7650	1.4017
Size	-0.0653	0.3311		0.5650	5.4731
OCF	2.4202	4.2434	**	0.0394	1.7344
Lev	-0.4096	0.0278		0.8676	4.9036
pBank	-0.1213	0.1212		0.7278	5.5440
Growth	0.7740	3.2920	*	0.0696	1.2609
MB	-0.1732	5.9263	**	0.0149	1.3913
Tax	-1.5463	0.2149		0.6430	1.4798
AC	0.2448	0.9646		0.3260	1.6626
Lag	-0.0011	0.0000		0.9974	1.4051
Busy	-0.2104	0.5082		0.4759	1.0944
Noe	0.0300	1.2373		0.2660	3.4829
Std	-9.6571	14.8954	***	0.0001	1.3395
Intercept	1.2715	0.2771		0.5986	-
Nagelkerke R^2		0.2338			
Number of Obs.		1125			

Appendix 200: Benchmark Joint Analysis: MBE_{FE} on FT_{Long}, EPT_{Long} and RPT_{Long}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long}	-0.0260	0.0049		0.9441	1.2705
EPT_{Long}	0.1626	0.1822		0.6695	1.1543
RPT_{Long}	0.3734	0.9968		0.3181	1.1490
Audit Partne-Specific Variables					
EP_{Exp}	0.0129	0.3167		0.5736	1.2877
RP_{Exp}	-0.0493	7.5573	***	0.0060	1.1983
$EP_{Ability}$	-0.1135	0.0569		0.8115	1.0876
$RP_{Ability}$	0.1665	0.4382		0.5080	1.1879
Gender	-0.2482	0.9347		0.3336	1.1236
Audit Firm-Specific Variables					
Big4	-0.1351	0.1754		0.6753	1.9802
IndExp	-0.3349	0.6020		0.4378	1.6952
Office	-0.0360	0.3508		0.5536	2.2805
Client-Specific Variables					
Age	0.0793	0.4426		0.5059	1.3870
Size	-0.0605	0.3059		0.5802	5.5536
OCF	2.4471	4.2402	**	0.0395	1.7332
Lev	-0.2657	0.0112		0.9158	4.8525
pBank	-0.1345	0.1432		0.7052	5.4664
Growth	0.7956	3.5021	*	0.0613	1.2577
MB	-0.1846	6.7296	***	0.0095	1.3974
Tax	-1.3403	0.1648		0.6848	1.4807
AC	0.2100	0.7140		0.3981	1.6610
Lag	0.0378	0.0133		0.9081	1.4071
Busy	-0.1784	0.3633		0.5467	1.0924
Noe	0.0316	1.4746		0.2246	3.4861
Std	-9.6668	15.3645	***	0.0001	1.3339
Intercept	0.2436	0.0099		0.9208	-
Nagelkerke R^2		0.2235			
Number of Obs.		1125			

Appendix 201: Benchmark Joint Analysis: MBE_{FE} on FT_{Short2}, EPT_{Short2} and RPT_{Short2}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Short2}	-0.4299	1.9484		0.1628	1.7982
EPT_{Short2}	0.0404	0.0285		0.8660	1.5384
RPT_{Short2}	0.0787	0.1090		0.7413	1.6346
Audit Partne-Specific Variables					
EP_{Exp}	0.0178	0.6714		0.4126	1.3227
RP_{Exp}	-0.0461	6.9587	***	0.0083	1.1940
$EP_{Ability}$	-0.1266	0.0701		0.7912	1.0826
$RP_{Ability}$	0.1837	0.5443		0.4606	1.1915
Gender	-0.2414	0.9001		0.3427	1.1275
Audit Firm-Specific Variables					
Big4	-0.1110	0.1229		0.7259	1.9879
IndExp	-0.3311	0.5708		0.4500	1.6924
Office	-0.0407	0.4715		0.4923	2.2877
Client-Specific Variables					
Age	0.0620	0.2459		0.6200	1.3897
Size	-0.0685	0.3669		0.5447	5.4787
OCF	2.4510	4.2883	**	0.0384	1.7376
Lev	-0.1758	0.0053		0.9417	4.9064
pBank	-0.1395	0.1696		0.6804	5.5641
Growth	0.8254	3.6596	*	0.0557	1.2634
MB	-0.1818	6.5891	**	0.0103	1.3936
Tax	-1.1847	0.1276		0.7209	1.4887
AC	0.2054	0.6604		0.4164	1.6627
Lag	0.0452	0.0187		0.8912	1.4065
Busy	-0.1735	0.3499		0.5542	1.0934
Noe	0.0318	1.4238		0.2328	3.4919
Std	-9.7469	15.5297	***	0.0001	1.3437
Intercept	0.3716	0.0240		0.8768	-
Nagelkerke R^2		0.2243			
Number of Obs.		1125			

Appendix 202: Benchmark Joint Analysis: MBE_{FE} on FT_{Long7}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long7}	-0.1338	0.3063		0.5799	1.2882
EPT_{Long5}	0.5896	4.8335	**	0.0279	1.2391
RPT_{Long5}	0.2149	0.5209		0.4704	1.2209
Audit Partne-Specific Variables					
EP_{Exp}	0.0040	0.0308		0.8608	1.3085
RP_{Exp}	-0.0515	8.2429	***	0.0041	1.2067
$EP_{Ability}$	-0.0867	0.0353		0.8510	1.0860
$RP_{Ability}$	0.1262	0.2437		0.6215	1.1889
Gender	-0.2416	0.9152		0.3387	1.1225
Audit Firm-Specific Variables					
Big4	-0.1679	0.2689		0.6040	2.0094
IndExp	-0.4045	0.8362		0.3605	1.6951
Office	-0.0361	0.3566		0.5504	2.3244
Client-Specific Variables					
Age	0.0862	0.5119		0.4743	1.4332
Size	-0.0521	0.2095		0.6472	5.5092
OCF	2.5664	4.4264	**	0.0354	1.7387
Lev	-0.4281	0.0270		0.8695	4.8776
pBank	-0.1206	0.1059		0.7449	5.5080
Growth	0.7688	3.3986	*	0.0653	1.2578
MB	-0.1774	6.2248	**	0.0126	1.3893
Tax	-1.7325	0.2804		0.5965	1.4808
AC	0.2455	0.9680		0.3252	1.6612
Lag	-0.0009	0.0000		0.9979	1.4061
Busy	-0.1850	0.3965		0.5289	1.0938
Noe	0.0295	1.2728		0.2592	3.4738
Std	-9.6574	15.2708	***	0.0001	1.3382
Intercept	0.3983	0.0253		0.8737	-
Nagelkerke R^2		0.2310			
Number of Obs.		1125			

Appendix 203: Benchmark Joint Analysis: MBE_{FE} on FT_{Long8}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long8}	-0.1759	0.5372		0.4636	1.3038
EPT_{Long5}	0.5884	4.9109	**	0.0267	1.2324
RPT_{Long5}	0.2106	0.5086		0.4757	1.2080
Audit Partne-Specific Variables					
EP_{Exp}	0.0039	0.0299		0.8628	1.3067
RP_{Exp}	-0.0519	8.4037	***	0.0037	1.2113
$EP_{Ability}$	-0.0869	0.0357		0.8501	1.0868
$RP_{Ability}$	0.1276	0.2499		0.6171	1.1887
Gender	-0.2399	0.9104		0.3400	1.1219
Audit Firm-Specific Variables					
Big4	-0.1696	0.2716		0.6023	2.0040
IndExp	-0.4020	0.8343		0.3610	1.6958
Office	-0.0357	0.3418		0.5588	2.3213
Client-Specific Variables					
Age	0.0907	0.5700		0.4502	1.4354
Size	-0.0472	0.1755		0.6752	5.5615
OCF	2.5964	4.5835	**	0.0323	1.7392
Lev	-0.4794	0.0338		0.8542	4.8970
pBank	-0.1145	0.0951		0.7578	5.5212
Growth	0.7711	3.3947	*	0.0654	1.2580
MB	-0.1778	6.2776	**	0.0122	1.3893
Tax	-1.8067	0.3032		0.5819	1.4805
AC	0.2462	0.9749		0.3235	1.6620
Lag	-0.0019	0.0000		0.9954	1.4073
Busy	-0.1894	0.4174		0.5183	1.0927
Noe	0.0290	1.2224		0.2689	3.4725
Std	-9.6287	15.2676	***	0.0001	1.3428
Intercept	0.3774	0.0226		0.8806	-
Nagelkerke R^2		0.2313			
Number of Obs.		1125			

Appendix 204: Benchmark Joint Analysis: MBE_{FE} on FT_{Long9}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long9}	-0.2975	1.1573		0.2820	1.3141
EPT_{Long5}	0.5906	5.0061	**	0.0253	1.2314
RPT_{Long5}	0.2223	0.5631		0.4530	1.2069
Audit Partne-Specific Variables					
EP_{Exp}	0.0038	0.0293		0.8640	1.3071
RP_{Exp}	-0.0523	8.7242	***	0.0031	1.2041
$EP_{Ability}$	-0.0881	0.0376		0.8463	1.0861
$RP_{Ability}$	0.1317	0.2690		0.6040	1.1882
Gender	-0.2381	0.9137		0.3391	1.1222
Audit Firm-Specific Variables					
Big4	-0.1780	0.2936		0.5880	1.9980
IndExp	-0.3908	0.8001		0.3711	1.6966
Office	-0.0348	0.3247		0.5688	2.3101
Client-Specific Variables					
Age	0.0936	0.6216		0.4305	1.4120
Size	-0.0367	0.1084		0.7420	5.5926
OCF	2.6308	4.8153	**	0.0282	1.7348
Lev	-0.5410	0.0427		0.8363	4.8667
pBank	-0.1074	0.0841		0.7719	5.4817
Growth	0.7687	3.3139	*	0.0687	1.2586
MB	-0.1802	6.3069	**	0.0120	1.3893
Tax	-1.8875	0.3314		0.5648	1.4814
AC	0.2510	1.0096		0.3150	1.6635
Lag	-0.0060	0.0003		0.9855	1.4095
Busy	-0.1826	0.3899		0.5323	1.0932
Noe	0.0287	1.1829		0.2768	3.4726
Std	-9.6482	15.1122	***	0.0001	1.3378
Intercept	0.3156	0.0158		0.8999	-
Nagelkerke R^2		0.2324			
Number of Obs.		1125			

Appendix 205: Benchmark Joint Analysis: MBE_{FE} on FT_{Long10}, EPT_{Long5} and RPT_{Long5}

Variable	Coeff.	Wald		p-Value	VIF
Test Variables					
FT_{Long10}	-0.2545	0.6776		0.4104	1.2991
EPT_{Long5}	0.5779	4.8415	**	0.0278	1.2303
RPT_{Long5}	0.2149	0.5257		0.4684	1.2005
Audit Partne-Specific Variables					
EP_{Exp}	0.0042	0.0352		0.8512	1.3070
RP_{Exp}	-0.0516	8.4728	***	0.0036	1.2020
$EP_{Ability}$	-0.0947	0.0427		0.8364	1.0877
$RP_{Ability}$	0.1282	0.2516		0.6159	1.1882
Gender	-0.2384	0.9088		0.3404	1.1223
Audit Firm-Specific Variables					
Big4	-0.1624	0.2520		0.6157	1.9881
IndExp	-0.3928	0.8100		0.3681	1.6973
Office	-0.0376	0.3833		0.5359	2.2980
Client-Specific Variables					
Age	0.0811	0.4630		0.4962	1.3945
Size	-0.0430	0.1513		0.6973	5.5736
OCF	2.5728	4.6583	**	0.0309	1.7324
Lev	-0.5640	0.0481		0.8264	4.8669
pBank	-0.1052	0.0838		0.7723	5.4798
Growth	0.7711	3.3936	*	0.0654	1.2582
MB	-0.1816	6.2854	**	0.0122	1.3912
Tax	-1.7529	0.2874		0.5919	1.4798
AC	0.2485	0.9942		0.3187	1.6633
Lag	-0.0086	0.0007		0.9792	1.4094
Busy	-0.1949	0.4478		0.5034	1.0929
Noe	0.0296	1.2716		0.2595	3.4753
Std	-9.6008	14.9275	***	0.0001	1.3371
Intercept	0.4663	0.0358		0.8499	-
Nagelkerke R^2		0.2315			
Number of Obs.		1125			

Appendix 206: Benchmark Sensitivity Joint Analyses: MBE_{FE} on *FT*, *EPT* and *RPT* (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT	-0.0276	0.5741		0.0050	0.0123		0.0155	0.1648		0.4487	1.5551	0.9117	1.5551	0.6848	1.5310
EPT	0.0399	0.3573		0.0133	0.0257		0.0483	0.3669		0.5500	1.3785	0.8726	1.3785	0.5447	1.4041
RPT	0.1322	3.3281	*	0.0975	1.1098		-0.0250	0.0874		0.0681	1.3770	0.2921	1.3770	0.7675	1.3970
Audit Partner-Specific Variables															
EP_{Exp}	-0.0157	0.5805		0.0151	0.3444		0.0112	0.1844		0.4461	1.3445	0.5573	1.3445	0.6676	1.3637
RP_{Exp}	-0.0321	3.1734	*	-0.0506	5.9179	**	-0.0615	7.7843	***	0.0748	1.2398	0.0150	1.2398	0.0053	1.2338
$EP_{Ability}$	0.4694	1.9842		0.5553	1.4334		0.0969	0.0277		0.1589	1.0855	0.2312	1.0855	0.8679	1.1087
$RP_{Ability}$	-0.4239	2.7366	*	0.1661	0.2933		0.2543	0.7747		0.0981	1.1881	0.5881	1.1881	0.3788	1.1591
Gender	-0.2986	1.3216		-0.5437	2.7159	*	-0.3141	1.1667		0.2503	1.1250	0.0994	1.1250	0.2801	1.1615
Audit Firm-Specific Variables															
Big4	-0.8460	8.2101	***	-0.0703	0.0388		-0.4499	1.4462		0.0042	2.0145	0.8438	2.0145	0.2291	2.0981
IndExp	-0.9610	4.4381	**	-0.1742	0.1085		-0.3989	0.6364		0.0351	1.6944	0.7419	1.6944	0.4250	1.6288
Office	-0.0130	0.0463		-0.0421	0.4005		0.0015	0.0005		0.8297	2.3132	0.5268	2.3132	0.9817	2.3949
Client-Specific Variables															
Age	-0.0264	0.0676		0.0849	0.2639		0.0858	0.4086		0.7949	1.4346	0.6074	1.4346	0.5227	1.3954
Size	-0.0145	0.0172		0.0102	0.0056		-0.0788	0.3126		0.8958	5.5979	0.9403	5.5979	0.5761	5.6967
OCF	2.1347	3.5118	*	2.9443	4.5178	**	2.2710	2.8892	*	0.0609	1.7360	0.0335	1.7360	0.0892	1.7487
Lev	-1.0582	0.2208		-1.8622	0.5297		1.9142	0.7465		0.6384	4.9121	0.4668	4.9121	0.3876	6.4722
pBank	-0.0755	0.0563		0.0777	0.0525		-0.6137	3.9070	**	0.8125	5.5401	0.8188	5.5401	0.0481	7.1625
Growth	0.2401	0.3648		0.7852	2.2327		0.8337	1.3572		0.5458	1.2594	0.1351	1.2594	0.2440	1.3369
MB	-0.1315	4.9880	**	-0.2004	6.1234	**	-0.2130	5.3377	**	0.0255	1.3945	0.0133	1.3945	0.0209	1.5309
Tax	-2.6086	0.7803		-4.6686	1.4590		-0.7365	0.0270		0.3770	1.4838	0.2271	1.4838	0.8695	1.5756
AC	0.0683	0.0736		-0.0628	0.0428		0.1360	0.2430		0.7862	1.6619	0.8361	1.6619	0.6220	1.6959
Lag	-0.0656	0.0413		-0.1681	0.1747		-0.2835	0.4933		0.8389	1.4091	0.6760	1.4091	0.4824	1.3901
Busy	0.0150	0.0029		-0.2343	0.4602		-0.1214	0.1144		0.9568	1.0945	0.4975	1.0945	0.7352	1.0695
Noe	0.0489	5.8834	**	0.0278	0.8017		0.0369	1.3063		0.0153	3.4885	0.3706	3.4885	0.2531	3.6193
Std	-3.0071	8.5851	***	-11.7108	17.5363	***	-9.5464	8.7607	***	0.0034	1.3493	0.0000	1.3493	0.0031	1.3298
Intercept	-0.4497	0.0356		0.9708	0.1297		-0.3346	0.0112		0.8504	-	0.7187	-	0.9158	-
Nagelkerke R^2		0.1661			0.2351			0.2546							
Number of Obs.		1125			1125			834							

Appendix 207: Benchmark Sensitivity Joint Analyses: MBE_{FE} on *FT*, *EPT* and *RPT* (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\_Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\_Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT	0.0269	0.5194		0.0085	0.0548		-0.0328	0.5813		0.4711	1.5667	0.8149	1.5140	0.4458	1.5551
EPT	0.0857	1.3994		0.0466	0.4117		0.0424	0.2732		0.2368	1.3638	0.5211	1.3388	0.6012	1.3785
RPT	0.0456	0.3543		0.0628	0.6805		0.0473	0.3812		0.5517	1.3821	0.4094	1.3482	0.5369	1.3770
Audit Partner-Specific Variables															
EP_{Exp}	0.0066	0.0777		0.0209	0.8407		0.0028	0.0104		0.7804	1.3427	0.3592	1.3710	0.9189	1.3445
RP_{Exp}	-0.0432	4.8920	**	-0.0565	9.2901	***	-0.0238	1.3885		0.0270	1.2585	0.0023	1.2582	0.2387	1.2398
$EP_{Ability}$	-0.0993	0.0427		-0.2459	0.2515		0.4355	1.0866		0.8363	1.0841	0.6160	1.0931	0.2972	1.0855
$RP_{Ability}$	-0.0562	0.0432		0.1502	0.3431		-0.6875	2.9046	*	0.8354	1.2013	0.5580	1.1861	0.0883	1.1881
Gender	-0.1072	0.1725		-0.2731	0.9589		0.2046	0.4761		0.6779	1.1287	0.3275	1.1315	0.4902	1.1250
Audit Firm-Specific Variables															
Big4	0.1633	0.2627		-0.0483	0.0215		-0.8200	5.0589	**	0.6083	2.0095	0.8834	2.0718	0.0245	2.0145
IndExp	-0.5923	1.6815		-0.4305	0.9352		-0.8672	2.9693	*	0.1947	1.7140	0.3335	1.7248	0.0849	1.6944
Office	-0.0865	2.0261		-0.0595	0.8598		0.0806	1.4249		0.1546	2.3297	0.3538	2.4318	0.2326	2.3132
Client-Specific Variables															
Age	0.0854	0.4842		0.0143	0.0128		0.0619	0.2048		0.4865	1.4239	0.9100	1.4598	0.6509	1.4346
Size	-0.1198	1.0375		-0.0639	0.3109		-0.1464	1.1854		0.3084	5.5808	0.5771	5.6245	0.2763	5.5979
OCF	2.0252	2.5388		2.5764	4.4744	**	0.9371	0.7299		0.1111	1.7428	0.0344	1.7287	0.3929	1.7360
Lev	0.6291	0.0596		-0.3167	0.0192		0.5341	0.0956		0.8071	4.8620	0.8898	4.7919	0.7572	4.9121
pBank	-0.1630	0.1991		-0.0776	0.0565		-0.1192	0.3153		0.6554	5.4722	0.8121	5.4228	0.5744	5.5401
Growth	0.7658	2.8707	*	0.5889	1.6387		0.5042	1.8298		0.0902	1.2572	0.2005	1.2686	0.1762	1.2594
MB	-0.1976	6.1772	**	-0.1600	5.0885	**	0.0500	0.7204		0.0129	1.3941	0.0241	1.4480	0.3960	1.3945
Tax	1.0506	0.1027		-1.1852	0.1231		1.8111	0.2376		0.7486	1.4870	0.7257	1.5539	0.6259	1.4838
AC	0.3812	2.0764		0.1133	0.1815		0.1784	0.2092		0.1496	1.6278	0.6701	1.6642	0.6474	1.6619
Lag	0.0772	0.0536		0.1228	0.1183		-0.0244	0.0029		0.8169	1.4223	0.7309	1.4150	0.9568	1.4091
Busy	-0.1276	0.1792		-0.1285	0.1701		0.1701	0.1727		0.6720	1.1054	0.6800	1.1330	0.6777	1.0945
Noe	0.0371	1.9960		0.0305	1.2554		0.0678	6.9785	***	0.1577	3.4659	0.2625	3.5037	0.0082	3.4885
Std	-9.2311	15.2581	***	-9.8308	14.1048	***	-7.0114	22.4681	***	0.0001	1.3465	0.0002	1.3490	0.0000	1.3493
Intercept	0.2102	0.0069		0.3747	0.0216		-1.8995	0.4015		0.9338	-	0.8831	-	0.5263	-
Nagelkerke R^2	0.2054			0.2341			0.1657								
Number of Obs.	1102			1015			1125								

Appendix 208: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Short}, EPT_{Short} and RPT_{Short} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Short}	-0.0298	0.0101		-0.3289	0.8018		-0.4171	1.6776		0.9201	1.6612	0.3706	1.6612	0.1952	1.6817
EPT_{Short}	-0.3450	1.8098		-0.1685	0.2837		-0.3269	1.2693		0.1785	1.4443	0.5943	1.4443	0.2599	1.4575
RPT_{Short}	-0.3428	1.5989		-0.4871	2.0278		0.1692	0.3203		0.2061	1.4857	0.1544	1.4857	0.5714	1.5149
Audit Partne-Specific Variables															
EP_{Exp}	-0.0175	0.7683		0.0112	0.2045		0.0092	0.1343		0.3808	1.3304	0.6511	1.3304	0.7140	1.3402
RP_{Exp}	-0.0280	2.5580		-0.0542	6.9312	***	-0.0620	8.1934	***	0.1097	1.2000	0.0085	1.2000	0.0042	1.1970
$EP_{Ability}$	0.4873	2.0822		0.5499	1.4104		0.0351	0.0036		0.1490	1.0826	0.2350	1.0826	0.9520	1.1092
$RP_{Ability}$	-0.4344	2.9372	*	0.1632	0.2903		0.2390	0.6847		0.0866	1.1898	0.5901	1.1898	0.4080	1.1595
Gender	-0.2928	1.2367		-0.5405	2.7052		-0.3314	1.2905		0.2661	1.1236	0.1000	1.1236	0.2560	1.1582
Audit Firm-Specific Variables															
Big4	-0.7994	7.5931	***	-0.0631	0.0319		-0.4199	1.3108		0.0059	2.0010	0.8582	2.0010	0.2522	2.0823
IndExp	-1.0044	4.5551	**	-0.2491	0.2090		-0.4106	0.6867		0.0328	1.6932	0.6475	1.6932	0.4073	1.6264
Office	-0.0212	0.1258		-0.0433	0.4286		-0.0011	0.0003		0.7228	2.3030	0.5127	2.3030	0.9867	2.3760
Client-Specific Variables															
Age	-0.0593	0.3228		0.0518	0.0912		0.0669	0.2373		0.5699	1.4017	0.7627	1.4017	0.6261	1.3646
Size	-0.0276	0.0645		0.0020	0.0002		-0.0935	0.4418		0.7996	5.4731	0.9882	5.4731	0.5062	5.5762
OCF	2.0809	3.4652	*	2.9007	4.6553	**	2.3175	3.0440	*	0.0627	1.7344	0.0310	1.7344	0.0810	1.7439
Lev	-0.9961	0.2101		-1.9509	0.6066		1.6892	0.5648		0.6467	4.9036	0.4361	4.9036	0.4523	6.4961
pBank	-0.0934	0.0928		0.0785	0.0575		-0.5920	3.5238	*	0.7606	5.5440	0.8106	5.5440	0.0605	7.1857
Growth	0.2469	0.3908		0.7932	2.2676		0.8302	1.3106		0.5319	1.2609	0.1321	1.2609	0.2523	1.3369
MB	-0.1211	4.1597	**	-0.1952	5.7804	**	-0.2166	5.5561	**	0.0414	1.3913	0.0162	1.3913	0.0184	1.5282
Tax	-3.0852	1.0717		-5.1700	1.6753		-0.6313	0.0191		0.3006	1.4798	0.1956	1.4798	0.8902	1.5730
AC	0.0824	0.1063		-0.0446	0.0213		0.1635	0.3537		0.7443	1.6626	0.8840	1.6626	0.5520	1.6998
Lag	-0.1024	0.1035		-0.1986	0.2351		-0.2992	0.5425		0.7477	1.4051	0.6277	1.4051	0.4614	1.3862
Busy	0.0077	0.0008		-0.2730	0.6022		-0.1342	0.1402		0.9778	1.0944	0.4377	1.0944	0.7081	1.0695
Noe	0.0474	5.6206	**	0.0275	0.7286		0.0371	1.2881		0.0178	3.4829	0.3933	3.4829	0.2564	3.6191
Std	-2.9539	8.2964	***	-11.5673	16.6665	***	-9.5455	8.3282	***	0.0040	1.3395	0.0000	1.3395	0.0039	1.3287
Intercept	0.7323	0.0996		2.3003	0.7363		0.5438	0.0296		0.7523	-	0.3909	-	0.8634	-
Nagelkerke R^2		0.1683			0.2477			0.2626							
Number of Obs.		1125			1125			834							

Appendix 209: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Short}, EPT_{Short} and RPT_{Short} (2/2)

	$Less\ Freq_{Beat}$			$Less\ Freq_{AF\ Switch}$			$Just\ Miss$			$Less\ Freq_{Beat}$		$Less\ Freq_{AF\ Switch}$		$Just\ Miss$	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Short}	-0.3433	1.2425		-0.3022	1.1253		0.5078	2.2134		0.2650	1.6582	0.2888	1.5850	0.1368	1.6612
EPT_{Short}	-0.4876	3.2465	*	-0.3676	1.7882		0.0826	0.0647		0.0716	1.4264	0.1811	1.4203	0.7993	1.4443
RPT_{Short}	-0.0798	0.0809		-0.1434	0.2837		-0.3276	1.0320		0.7760	1.4795	0.5943	1.4556	0.3097	1.4857
Audit Partne-Specific Variables															
EP_{Exp}	0.0036	0.0241		0.0172	0.6149		0.0085	0.1016		0.8766	1.3295	0.4330	1.3629	0.7499	1.3304
RP_{Exp}	-0.0437	5.1838	**	-0.0566	9.6602	***	-0.0220	1.2478		0.0228	1.2118	0.0019	1.2183	0.2640	1.2000
$EP_{Ability}$	-0.1270	0.0709		-0.2664	0.3077		0.4786	1.3122		0.7901	1.0813	0.5791	1.0918	0.2520	1.0826
$RP_{Ability}$	-0.0562	0.0438		0.1521	0.3465		-0.6942	3.1013	*	0.8343	1.2022	0.5561	1.1891	0.0782	1.1898
Gender	-0.0976	0.1472		-0.2699	0.9626		0.2054	0.4868		0.7012	1.1275	0.3265	1.1304	0.4853	1.1236
Audit Firm-Specific Variables															
Big4	0.1460	0.2122		-0.0311	0.0092		-0.8751	5.8121	**	0.6450	1.9915	0.9236	2.0552	0.0159	2.0010
IndExp	-0.6302	1.9416		-0.4581	1.0315		-0.8676	2.9470	*	0.1635	1.7105	0.3098	1.7225	0.0860	1.6932
Office	-0.0863	2.0590		-0.0634	1.0094		0.0860	1.6504		0.1513	2.3156	0.3150	2.4168	0.1989	2.3030
Client-Specific Variables															
Age	0.0678	0.2931		-0.0152	0.0138		0.0908	0.4502		0.5883	1.3927	0.9067	1.4248	0.5022	1.4017
Size	-0.1119	0.8822		-0.0653	0.3187		-0.1448	1.1746		0.3476	5.4488	0.5724	5.5060	0.2785	5.4731
OCF	2.0338	2.6169		2.4979	4.2987	**	1.0189	0.8736		0.1057	1.7408	0.0381	1.7289	0.3500	1.7344
Lev	0.5224	0.0417		-0.3027	0.0175		0.5053	0.0841		0.8382	4.8455	0.8947	4.7774	0.7719	4.9036
pBank	-0.1582	0.1911		-0.0911	0.0776		-0.1115	0.2716		0.6620	5.4734	0.7805	5.4226	0.6022	5.5440
Growth	0.7637	2.8245	*	0.5928	1.6427		0.5077	1.8541		0.0928	1.2585	0.2000	1.2713	0.1733	1.2609
MB	-0.1932	5.8775	**	-0.1550	4.7757	**	0.0484	0.6803		0.0153	1.3902	0.0289	1.4447	0.4095	1.3913
Tax	0.6252	0.0358		-1.3887	0.1648		1.7048	0.2018		0.8499	1.4842	0.6848	1.5455	0.6533	1.4798
AC	0.4051	2.3948		0.1412	0.2855		0.1420	0.1306		0.1217	1.6287	0.5931	1.6646	0.7179	1.6626
Lag	0.0515	0.0238		0.0902	0.0639		-0.0230	0.0025		0.8775	1.4181	0.8004	1.4135	0.9597	1.4051
Busy	-0.1261	0.1785		-0.1460	0.2207		0.1765	0.1874		0.6727	1.1058	0.6385	1.1333	0.6651	1.0944
Noe	0.0357	1.7764		0.0299	1.1736		0.0692	7.1868	***	0.1826	3.4605	0.2787	3.4958	0.0073	3.4829
Std	-9.1551	14.5577	***	-9.8412	13.6426	***	-7.1453	21.9524	***	0.0001	1.3356	0.0002	1.3387	0.0000	1.3395
Intercept	1.3892	0.3109		1.4306	0.3277		-2.0842	0.4532		0.5771	-	0.5670	-	0.5008	-
Nagelkerke R^2		0.2137			0.2422			0.1700							
Number of Obs.		1102			1015			1125							

Appendix 210: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long}, EPT_{Long} and RPT_{Long} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long}	-0.1084	0.0913		0.2756	0.3906		-0.1528	0.1331		0.7626	1.2705	0.5320	1.2705	0.7153	1.2401
EPT_{Long}	0.0237	0.0043		-0.3597	0.5146		0.1782	0.1821		0.9479	1.1543	0.4731	1.1543	0.6696	1.1874
RPT_{Long}	0.2992	0.7097		0.1508	0.0935		-0.0037	0.0001		0.3995	1.1490	0.7598	1.1490	0.9934	1.1674
Audit Partne-Specific Variables															
EP_{Exp}	-0.0101	0.2721		0.0223	0.7625		0.0114	0.1869		0.6019	1.2877	0.3825	1.2877	0.6655	1.2939
RP_{Exp}	-0.0233	1.7356		-0.0442	4.6491	**	-0.0630	8.6396	***	0.1877	1.1983	0.0311	1.1983	0.0033	1.1947
$EP_{Ability}$	0.4794	1.9435		0.6075	1.6187		0.1009	0.0311		0.1633	1.0876	0.2033	1.0876	0.8600	1.1111
$RP_{Ability}$	-0.4032	2.5328		0.1771	0.3257		0.2702	0.8887		0.1115	1.1879	0.5682	1.1879	0.3458	1.1564
Gender	-0.3232	1.4881		-0.5522	2.6399		-0.3003	1.1119		0.2225	1.1236	0.1042	1.1236	0.2917	1.1604
Audit Firm-Specific Variables															
Big4	-0.8103	7.7638	***	-0.0813	0.0522		-0.5008	1.8734		0.0053	1.9802	0.8193	1.9802	0.1711	2.0626
IndExp	-0.9110	3.9468	**	-0.1226	0.0525		-0.4021	0.6765		0.0470	1.6952	0.8187	1.6952	0.4108	1.6280
Office	-0.0229	0.1519		-0.0441	0.4386		0.0084	0.0161		0.6967	2.2805	0.5078	2.2805	0.8991	2.3451
Client-Specific Variables															
Age	-0.0344	0.1155		0.0832	0.2727		0.1062	0.6510		0.7339	1.3870	0.6015	1.3870	0.4198	1.3683
Size	-0.0341	0.1001		0.0002	0.0000		-0.0506	0.1367		0.7517	5.5536	0.9988	5.5536	0.7116	5.6339
OCF	2.1245	3.5844	*	3.0140	4.4458	**	2.2849	2.8953	*	0.0583	1.7332	0.0350	1.7332	0.0888	1.7422
Lev	-0.7324	0.1100		-1.5699	0.3999		1.9049	0.7440		0.7402	4.8525	0.5272	4.8525	0.3884	6.4596
pBank	-0.1157	0.1374		0.0402	0.0150		-0.6143	3.9771	**	0.7108	5.4664	0.9024	5.4664	0.0461	7.1328
Growth	0.2386	0.3589		0.7934	2.2792		0.8105	1.3629		0.5491	1.2577	0.1311	1.2577	0.2430	1.3351
MB	-0.1293	4.9720	**	-0.1958	6.1920	**	-0.2193	5.6698	**	0.0258	1.3974	0.0128	1.3974	0.0173	1.5375
Tax	-3.0408	1.0650		-5.2206	1.8028		-0.8937	0.0394		0.3021	1.4807	0.1794	1.4807	0.8427	1.5765
AC	0.0500	0.0398		-0.0685	0.0515		0.1130	0.1702		0.8418	1.6610	0.8205	1.6610	0.6799	1.6932
Lag	-0.0971	0.0927		-0.1748	0.1947		-0.2828	0.4812		0.7608	1.4071	0.6591	1.4071	0.4879	1.3859
Busy	0.0394	0.0202		-0.2089	0.3522		-0.1335	0.1376		0.8871	1.0924	0.5529	1.0924	0.7107	1.0570
Noe	0.0503	6.3527	**	0.0288	0.8994		0.0358	1.2217		0.0117	3.4861	0.3429	3.4861	0.2690	3.6272
Std	-2.9155	8.1610	***	-11.9996	18.0125	***	-9.5011	8.8248	***	0.0043	1.3339	0.0000	1.3339	0.0030	1.3193
Intercept	0.0127	0.0000		1.1241	0.1772		-0.5665	0.0333		0.9956	-	0.6738	-	0.8552	-
Nagelkerke R^2		0.1590			0.2332			0.2539							
Number of Obs.		1125			1125			834							

Appendix 211: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long}, EPT_{Long} and RPT_{Long} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT$_{Long}$	0.1127	0.0934		0.0108	0.0009		0.4549	1.5103		0.7599	1.2736	0.9767	1.2877	0.2191	1.2705
EPT$_{Long}$	0.2492	0.3935		0.0490	0.0155		0.1332	0.0909		0.5305	1.1410	0.9009	1.1522	0.7631	1.1543
RPT$_{Long}$	0.2788	0.5035		0.3743	0.9780		-0.1319	0.1167		0.4780	1.1411	0.3227	1.1528	0.7326	1.1490
Audit Partne-Specific Variables															
EP$_{Exp}$	0.0107	0.1959		0.0240	1.0827		0.0073	0.0804		0.6581	1.2903	0.2981	1.3096	0.7768	1.2877
RP$_{Exp}$	-0.0418	4.8269	**	-0.0549	9.3765	***	-0.0161	0.6847		0.0280	1.2102	0.0022	1.2096	0.4080	1.1983
EP$_{Ability}$	-0.0957	0.0390		-0.2430	0.2412		0.5048	1.4239		0.8434	1.0863	0.6234	1.0950	0.2328	1.0876
RP$_{Ability}$	-0.0092	0.0011		0.1737	0.4630		-0.7096	3.0503	*	0.9731	1.2001	0.4962	1.1867	0.0807	1.1879
Gender	-0.1283	0.2469		-0.2888	1.0397		0.1660	0.3370		0.6193	1.1279	0.3079	1.1312	0.5616	1.1236
Audit Firm-Specific Variables															
Big4	0.1317	0.1721		-0.0527	0.0259		-0.7422	4.3213	**	0.6783	1.9688	0.8720	2.0277	0.0376	1.9802
IndExp	-0.5617	1.5141		-0.4102	0.8616		-0.9099	3.1922	*	0.2185	1.7142	0.3533	1.7262	0.0740	1.6952
Office	-0.0816	1.7714		-0.0591	0.8398		0.0692	1.0747		0.1832	2.2910	0.3595	2.3784	0.2999	2.2805
Client-Specific Variables															
Age	0.1080	0.8354		0.0242	0.0386		0.0278	0.0413		0.3607	1.3777	0.8442	1.4231	0.8390	1.3870
Size	-0.1112	0.9682		-0.0661	0.3489		-0.1842	1.9934		0.3251	5.5298	0.5547	5.5953	0.1580	5.5536
OCF	2.1060	2.8042	*	2.6015	4.5800	**	0.7997	0.5565		0.0940	1.7392	0.0323	1.7261	0.4557	1.7332
Lev	0.7384	0.0808		-0.2389	0.0112		0.9551	0.3332		0.7762	4.7892	0.9157	4.7308	0.5638	4.8525
pBank	-0.1782	0.2337		-0.0895	0.0774		-0.1772	0.7702		0.6288	5.3911	0.7809	5.3546	0.3802	5.4664
Growth	0.7695	2.8848	*	0.6010	1.7214		0.4776	1.5636		0.0894	1.2551	0.1895	1.2656	0.2111	1.2577
MB	-0.2033	6.6340	**	-0.1633	5.3472	**	0.0561	0.8716		0.0100	1.3956	0.0208	1.4545	0.3505	1.3974
Tax	0.7901	0.0581		-1.5144	0.1966		2.0297	0.2947		0.8095	1.4848	0.6575	1.5448	0.5872	1.4807
AC	0.3599	1.8980		0.1009	0.1461		0.1651	0.1802		0.1683	1.6266	0.7023	1.6642	0.6712	1.6610
Lag	0.0792	0.0570		0.1250	0.1241		-0.0008	0.0000		0.8114	1.4201	0.7247	1.4097	0.9985	1.4071
Busy	-0.1098	0.1277		-0.1076	0.1181		0.1823	0.1981		0.7208	1.1041	0.7311	1.1309	0.6563	1.0924
Noe	0.0371	2.0796		0.0314	1.3873		0.0667	6.8803	***	0.1493	3.4630	0.2389	3.5025	0.0087	3.4861
Std	-9.2327	15.2899	***	-9.8396	14.1286	***	-6.9983	22.0951	***	0.0001	1.3294	0.0002	1.3331	0.0000	1.3339
Intercept	0.3654	0.0211		0.6027	0.0570		-1.7904	0.3826		0.8846	-	0.8113	-	0.5362	-
Nagelkerke R^2		0.2003			0.2326			0.1665							
Number of Obs.		1102			1015			1125							

Appendix 212: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (1/2)

	Median			*Beat by 1 Cent*			*Less Real Earnings*			*Median*		*Beat by 1 Cent*		*Less Real Earnings*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Short2}	-0.1387	0.1613		-0.4395	1.3065		-0.6799	3.9604	**	0.6880	1.7982	0.2530	1.7982	0.0466	1.8432
EPT_{Short2}	-0.0576	0.0560		0.1863	0.3969		0.2640	0.9637		0.8129	1.5384	0.5287	1.5384	0.3262	1.5581
RPT_{Short2}	-0.1949	0.6515		-0.1590	0.2454		0.3640	1.5832		0.4196	1.6346	0.6204	1.6346	0.2083	1.6821
Audit Partne-Specific Variables															
EP_{Exp}	-0.0099	0.2468		0.0226	0.9164		0.0238	0.9589		0.6193	1.3227	0.3384	1.3227	0.3275	1.3349
RP_{Exp}	-0.0241	2.0240		-0.0474	5.6604	**	-0.0616	8.6410	***	0.1548	1.1940	0.0174	1.1940	0.0033	1.1921
$EP_{Ability}$	0.4842	2.0152		0.5415	1.3457		0.0637	0.0121		0.1557	1.0826	0.2460	1.0826	0.9126	1.1087
$RP_{Ability}$	-0.4207	2.6914		0.2008	0.4157		0.3331	1.3433		0.1009	1.1915	0.5191	1.1915	0.2464	1.1611
Gender	-0.3175	1.4735		-0.5414	2.7526	*	-0.3444	1.3604		0.2248	1.1275	0.0971	1.1275	0.2435	1.1644
Audit Firm-Specific Variables															
Big4	-0.7965	7.5780	***	-0.0578	0.0270		-0.4528	1.5490		0.0059	1.9879	0.8694	1.9879	0.2133	2.0669
IndExp	-0.9365	4.0370	**	-0.1469	0.0768		-0.4250	0.7139		0.0445	1.6924	0.7817	1.6924	0.3982	1.6267
Office	-0.0230	0.1509		-0.0444	0.4571		0.0009	0.0002		0.6977	2.2877	0.4990	2.2877	0.9893	2.3566
Client-Specific Variables															
Age	-0.0457	0.2036		0.0817	0.2462		0.0927	0.4565		0.6519	1.3897	0.6197	1.3897	0.4992	1.3601
Size	-0.0350	0.1028		0.0055	0.0017		-0.1057	0.5597		0.7485	5.4787	0.9675	5.4787	0.4544	5.5456
OCF	2.0904	3.3664	*	2.9508	4.5748	**	2.2226	2.8251	*	0.0665	1.7376	0.0324	1.7376	0.0928	1.7512
Lev	-0.8044	0.1384		-1.6639	0.4489		1.7179	0.6524		0.7099	4.9064	0.5028	4.9064	0.4193	6.4723
pBank	-0.1012	0.1098		0.0584	0.0322		-0.5829	4.1432	**	0.7404	5.5641	0.8576	5.5641	0.0418	7.1869
Growth	0.2656	0.4469		0.8455	2.5250		0.9199	1.6667		0.5038	1.2634	0.1121	1.2634	0.1967	1.3432
MB	-0.1283	4.8213	**	-0.2053	6.1235	**	-0.2103	5.6235	**	0.0281	1.3936	0.0133	1.3936	0.0177	1.5312
Tax	-2.5309	0.7117		-4.5825	1.3752		-0.6341	0.0189		0.3989	1.4887	0.2409	1.4887	0.8905	1.5798
AC	0.0584	0.0534		-0.0792	0.0681		0.1314	0.2210		0.8172	1.6627	0.7941	1.6627	0.6383	1.6974
Lag	-0.0814	0.0642		-0.1456	0.1269		-0.2654	0.4155		0.8000	1.4065	0.7217	1.4065	0.5192	1.3907
Busy	0.0251	0.0082		-0.2163	0.3877		-0.0942	0.0677		0.9280	1.0934	0.5335	1.0934	0.7948	1.0682
Noe	0.0489	6.0816	**	0.0283	0.8212		0.0373	1.2971		0.0137	3.4919	0.3648	3.4919	0.2548	3.6238
Std	-2.9563	8.2473	***	-11.7793	17.7254	***	-9.4191	8.8718	***	0.0041	1.3437	0.0000	1.3437	0.0029	1.3327
Intercept	0.2126	0.0083		1.2050	0.2066		-0.0008	0.0000		0.9275	-	0.6494	-	0.9998	-
Nagelkerke R^2	0.1610			0.2361			0.2609								
Number of Obs.	1125			1125			834								

Appendix 213: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Short2}	-0.5632	2.8755	*	-0.3771	1.2162		0.1921	0.1911		0.0899	1.7904	0.2701	1.6580	0.6620	1.7982
EPT_{Short2}	0.0442	0.0316		0.0447	0.0330		-0.3354	1.1874		0.8588	1.5268	0.8558	1.4760	0.2758	1.5384
RPT_{Short2}	0.1293	0.2897		0.0013	0.0000		-0.1831	0.4760		0.5904	1.6319	0.9958	1.5459	0.4902	1.6346
Audit Partne-Specific Variables															
EP_{Exp}	0.0151	0.4351		0.0276	1.5669		0.0011	0.0015		0.5095	1.3238	0.2107	1.3496	0.9687	1.3227
RP_{Exp}	-0.0389	4.4271	**	-0.0526	8.9067	***	-0.0231	1.4191		0.0354	1.2037	0.0028	1.2103	0.2336	1.1940
$EP_{Ability}$	-0.1349	0.0763		-0.2651	0.2892		0.4416	1.0888		0.7824	1.0813	0.5907	1.0914	0.2967	1.0826
$RP_{Ability}$	0.0190	0.0051		0.1895	0.5487		-0.7201	3.1336	*	0.9430	1.2037	0.4588	1.1901	0.0767	1.1915
Gender	-0.1028	0.1635		-0.2749	0.9926		0.2066	0.4861		0.6860	1.1305	0.3191	1.1327	0.4857	1.1275
Audit Firm-Specific Variables															
Big4	0.1634	0.2664		-0.0285	0.0079		-0.7738	4.5100	**	0.6058	1.9781	0.9294	2.0385	0.0337	1.9879
IndExp	-0.5674	1.5840		-0.4004	0.7964		-0.8754	2.9933	*	0.2082	1.7108	0.3722	1.7238	0.0836	1.6924
Office	-0.0878	2.1448		-0.0635	1.0123		0.0745	1.2415		0.1431	2.2989	0.3144	2.3911	0.2652	2.2877
Client-Specific Variables															
Age	0.0942	0.5804		0.0129	0.0100		0.0380	0.0801		0.4461	1.3808	0.9204	1.4156	0.7772	1.3897
Size	-0.1203	1.0559		-0.0648	0.3199		-0.1567	1.3551		0.3042	5.4557	0.5717	5.5120	0.2444	5.4787
OCF	2.0314	2.5777		2.6110	4.6192	**	0.9222	0.6833		0.1084	1.7445	0.0316	1.7291	0.4085	1.7376
Lev	0.8291	0.1106		-0.1258	0.0032		0.4825	0.0775		0.7394	4.8435	0.9550	4.7762	0.7807	4.9064
pBank	-0.1876	0.2847		-0.0975	0.0950		-0.1148	0.2932		0.5937	5.4916	0.7579	5.4406	0.5882	5.5641
Growth	0.8128	3.1102	*	0.6383	1.8713		0.5118	1.8631		0.0778	1.2615	0.1713	1.2740	0.1723	1.2634
MB	-0.2036	6.8424	***	-0.1630	5.2136	**	0.0524	0.7836		0.0089	1.3933	0.0224	1.4467	0.3761	1.3936
Tax	1.0428	0.1010		-1.2345	0.1305		1.9354	0.2702		0.7506	1.4914	0.7179	1.5621	0.6032	1.4887
AC	0.3640	1.8739		0.0912	0.1168		0.1894	0.2352		0.1710	1.6287	0.7325	1.6640	0.6277	1.6627
Lag	0.0880	0.0695		0.1445	0.1641		-0.0119	0.0007		0.7920	1.4199	0.6854	1.4141	0.9785	1.4065
Busy	-0.0955	0.1001		-0.1128	0.1322		0.1593	0.1492		0.7518	1.1047	0.7162	1.1322	0.6993	1.0934
Noe	0.0379	2.0650		0.0311	1.2970		0.0672	6.8955	***	0.1507	3.4693	0.2548	3.5040	0.0086	3.4919
Std	-9.2677	15.3016	***	-9.9034	14.2655	***	-6.9767	22.7776	***	0.0001	1.3398	0.0002	1.3430	0.0000	1.3437
Intercept	0.5154	0.0439		0.5652	0.0513		-1.4426	0.2300		0.8340	-	0.8208	-	0.6315	-
Nagelkerke R^2		0.2034			0.2331			0.1678							
Number of Obs.		1102			1015			1125							

Appendix 214: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long7}, EPT_{Long5} and RPT_{Long5} (1/2)

	Median			*Beat by 1 Cent*			*Less Real Earnings*			*Median*		*Beat by 1 Cent*		*Less Real Earnings*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long7}	-0.3061	1.6222		-0.3861	1.6067		-0.1265	0.2193		0.2028	1.2882	0.2050	1.2882	0.6396	1.2676
EPT_{Long5}	0.2548	0.8016		0.4927	1.9917		0.5892	4.3086	**	0.3706	1.2391	0.1582	1.2391	0.0379	1.2466
RPT_{Long5}	0.4187	2.1350		0.2519	0.4051		-0.1349	0.1435		0.1440	1.2209	0.5245	1.2209	0.7049	1.2150
Audit Partne-Specific Variables															
EP_{Exp}	-0.0165	0.6492		0.0045	0.0285		0.0027	0.0107		0.4204	1.3085	0.8659	1.3085	0.9176	1.3084
RP_{Exp}	-0.0294	2.7458	*	-0.0504	5.7141	**	-0.0618	8.0064	***	0.0975	1.2067	0.0168	1.2067	0.0047	1.2070
$EP_{Ability}$	0.4706	2.0111		0.5723	1.6435		0.1174	0.0428		0.1562	1.0860	0.1998	1.0860	0.8362	1.1091
$RP_{Ability}$	-0.4058	2.5274		0.1629	0.2821		0.2347	0.6519		0.1119	1.1889	0.5953	1.1889	0.4194	1.1591
Gender	-0.2959	1.2783		-0.5181	2.6612		-0.3175	1.2358		0.2582	1.1225	0.1028	1.1225	0.2663	1.1574
Audit Firm-Specific Variables															
Big4	-0.8671	8.6653	***	-0.1304	0.1295		-0.5092	1.8237		0.0032	2.0094	0.7190	2.0094	0.1769	2.0825
IndExp	-0.9575	4.3823	**	-0.2015	0.1389		-0.4194	0.6869		0.0363	1.6951	0.7093	1.6951	0.4072	1.6274
Office	-0.0117	0.0386		-0.0386	0.3325		0.0052	0.0058		0.8442	2.3244	0.5642	2.3244	0.9393	2.4011
Client-Specific Variables															
Age	-0.0145	0.0197		0.1272	0.6571		0.1093	0.6817		0.8884	1.4332	0.4176	1.4332	0.4090	1.3920
Size	-0.0153	0.0191		0.0425	0.0887		-0.0552	0.1573		0.8900	5.5092	0.7659	5.5092	0.6917	5.5846
OCF	2.2517	3.8169	*	3.2004	5.0750	**	2.3766	3.0475	*	0.0507	1.7387	0.0243	1.7387	0.0809	1.7493
Lev	-0.9412	0.1663		-2.0517	0.5415		1.9066	0.7195		0.6834	4.8776	0.4618	4.8776	0.3963	6.4787
pBank	-0.0946	0.0833		0.0904	0.0586		-0.6243	3.8615	**	0.7729	5.5080	0.8087	5.5080	0.0494	7.1685
Growth	0.2299	0.3399		0.7713	2.2825		0.7736	1.2127		0.5599	1.2578	0.1308	1.2578	0.2708	1.3347
MB	-0.1269	4.7693	**	-0.1972	6.0931	**	-0.2139	5.5394	**	0.0290	1.3893	0.0136	1.3893	0.0186	1.5266
Tax	-3.1992	1.1703		-5.3511	1.8706		-1.1029	0.0599		0.2793	1.4808	0.1714	1.4808	0.8067	1.5744
AC	0.0847	0.1117		-0.0399	0.0168		0.1406	0.2626		0.7382	1.6612	0.8969	1.6612	0.6083	1.6976
Lag	-0.0873	0.0730		-0.2300	0.3291		-0.3233	0.6387		0.7870	1.4061	0.5662	1.4061	0.4242	1.3885
Busy	0.0274	0.0101		-0.1907	0.3064		-0.1124	0.0944		0.9201	1.0938	0.5799	1.0938	0.7587	1.0650
Noe	0.0488	5.9040	**	0.0240	0.6255		0.0343	1.1435		0.0151	3.4738	0.4290	3.4738	0.2849	3.6148
Std	-2.9914	8.4300	***	-11.7279	18.0190	***	-9.4991	8.5526	***	0.0037	1.3382	0.0000	1.3382	0.0035	1.3233
Intercept	-0.1935	0.0064		1.1785	0.1797		-0.3695	0.0134		0.9360	-	0.6716	-	0.9077	-
Nagelkerke R^2		0.1665			0.2409			0.2598							
Number of Obs.		1125			1125			834							

Appendix 215: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long7}, EPT_{Long5} and RPT_{Long5} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long7}	-0.0308	0.0144		-0.1494	0.3773		-0.1954	0.5575		0.9046	1.2974	0.5390	1.2889	0.4553	1.2882
EPT_{Long5}	0.7164	7.0694	***	0.5155	3.4448	*	0.1388	0.1545		0.0078	1.2226	0.0634	1.2317	0.6942	1.2391
RPT_{Long5}	0.1888	0.3772		0.2319	0.5845		0.2986	0.9196		0.5391	1.2143	0.4446	1.2203	0.3376	1.2209
Audit Partne-Specific Variables															
EP_{Exp}	0.0015	0.0042		0.0151	0.4477		0.0032	0.0135		0.9486	1.3074	0.5034	1.3323	0.9075	1.3085
RP_{Exp}	-0.0449	5.4959	**	-0.0575	10.0941	***	-0.0244	1.5029		0.0191	1.2213	0.0015	1.2227	0.2202	1.2067
$EP_{Ability}$	-0.0654	0.0192		-0.2245	0.2213		0.4452	1.1413		0.8898	1.0847	0.6380	1.0936	0.2854	1.0860
$RP_{Ability}$	-0.0707	0.0659		0.1337	0.2664		-0.6881	2.9653	*	0.7974	1.2026	0.6058	1.1866	0.0851	1.1889
Gender	-0.1212	0.2237		-0.2708	0.9684		0.2010	0.4609		0.6363	1.1265	0.3251	1.1297	0.4972	1.1225
Audit Firm-Specific Variables															
Big4	0.1174	0.1333		-0.0925	0.0788		-0.8185	5.1562	**	0.7151	2.0022	0.7790	2.0658	0.0232	2.0094
IndExp	-0.6229	1.7706		-0.4792	1.1366		-0.8936	3.1546	*	0.1833	1.7132	0.2864	1.7250	0.0757	1.6951
Office	-0.0853	1.9571		-0.0566	0.7726		0.0828	1.5059		0.1618	2.3407	0.3794	2.4481	0.2198	2.3244
Client-Specific Variables															
Age	0.1076	0.8205		0.0343	0.0777		0.0611	0.1968		0.3650	1.4232	0.7804	1.4589	0.6574	1.4332
Size	-0.1005	0.7060		-0.0563	0.2364		-0.1556	1.3805		0.4008	5.4844	0.6268	5.5381	0.2400	5.5092
OCF	2.2188	2.8958	*	2.6960	4.7134	**	0.9526	0.7390		0.0888	1.7468	0.0299	1.7312	0.3900	1.7387
Lev	0.4465	0.0278		-0.4088	0.0301		0.5714	0.1143		0.8675	4.8224	0.8622	4.7562	0.7353	4.8776
pBank	-0.1511	0.1588		-0.0756	0.0497		-0.1298	0.3881		0.6903	5.4389	0.8236	5.3924	0.5333	5.5080
Growth	0.7655	3.0286	*	0.5699	1.6061		0.5050	1.8615		0.0818	1.2556	0.2050	1.2660	0.1725	1.2578
MB	-0.1953	5.9798	**	-0.1576	4.9907	**	0.0499	0.7298		0.0145	1.3877	0.0255	1.4446	0.3929	1.3893
Tax	0.3275	0.0101		-1.7948	0.2853		1.7366	0.2137		0.9201	1.4860	0.5932	1.5449	0.6439	1.4808
AC	0.3980	2.3332		0.1383	0.2749		0.1807	0.2106		0.1266	1.6263	0.6001	1.6641	0.6463	1.6612
Lag	0.0444	0.0173		0.0820	0.0526		-0.0197	0.0019		0.8955	1.4188	0.8186	1.4112	0.9649	1.4061
Busy	-0.1332	0.1964		-0.1141	0.1350		0.1681	0.1705		0.6577	1.1044	0.7133	1.1322	0.6797	1.0938
Noe	0.0354	1.8562		0.0292	1.1849		0.0677	7.0156	***	0.1731	3.4511	0.2764	3.4897	0.0081	3.4738
Std	-9.1874	15.0023	***	-9.7937	13.9719	***	-6.9662	22.2195	***	0.0001	1.3343	0.0002	1.3379	0.0000	1.3382
Intercept	0.5889	0.0526		0.7406	0.0825		-1.8275	0.3768		0.8187	-	0.7740	-	0.5393	-
Nagelkerke R^2		0.2111			0.2393			0.1667							
Number of Obs.		1102			1015			1125							

Appendix 216: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long8}, EPT_{Long5} and RPT_{Long5} (1/2)

	Median			***Beat by 1 Cent***			***Less Real Earnings***			***Median***		***Beat by 1 Cent***		***Less Real Earnings***	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long8}	-0.3661	2.2172		-0.4299	1.8820		-0.1747	0.4107		0.1365	1.3038	0.1701	1.3038	0.5216	1.2634
EPT_{Long5}	0.2411	0.7222		0.4804	1.9759		0.5931	4.4198	**	0.3954	1.2324	0.1598	1.2324	0.0355	1.2393
RPT_{Long5}	0.4047	2.0198		0.2294	0.3431		-0.1394	0.1548		0.1553	1.2080	0.5580	1.2080	0.6940	1.2074
Audit Partne-Specific Variables															
EP_{Exp}	-0.0163	0.6401		0.0049	0.0361		0.0024	0.0082		0.4237	1.3067	0.8494	1.3067	0.9279	1.3044
RP_{Exp}	-0.0303	2.8735	*	-0.0509	5.8348	**	-0.0620	8.0709	***	0.0900	1.2113	0.0157	1.2113	0.0045	1.2086
$EP_{Ability}$	0.4704	2.0159		0.5658	1.6182		0.1219	0.0464		0.1557	1.0868	0.2033	1.0868	0.8294	1.1091
$RP_{Ability}$	-0.4030	2.4947		0.1700	0.3084		0.2317	0.6377		0.1142	1.1887	0.5787	1.1887	0.4245	1.1584
Gender	-0.3011	1.3256		-0.5177	2.6824		-0.3141	1.2173		0.2496	1.1219	0.1015	1.1219	0.2699	1.1571
Audit Firm-Specific Variables															
Big4	-0.8732	8.7354	***	-0.1240	0.1193		-0.5159	1.8685		0.0031	2.0040	0.7298	2.0040	0.1716	2.0789
IndExp	-0.9574	4.4154	**	-0.2015	0.1431		-0.4173	0.6899		0.0356	1.6958	0.7052	1.6958	0.4062	1.6280
Office	-0.0115	0.0367		-0.0395	0.3452		0.0064	0.0087		0.8481	2.3213	0.5568	2.3213	0.9257	2.3981
Client-Specific Variables															
Age	-0.0109	0.0116		0.1309	0.6853		0.1141	0.7473		0.9142	1.4354	0.4078	1.4354	0.3873	1.3913
Size	-0.0061	0.0031		0.0483	0.1198		-0.0499	0.1286		0.9557	5.5615	0.7293	5.5615	0.7199	5.6154
OCF	2.2758	3.8882	**	3.2573	5.1687	**	2.4050	3.1445	*	0.0486	1.7392	0.0230	1.7392	0.0762	1.7512
Lev	-1.0210	0.1926		-2.1388	0.5891		1.9219	0.7250		0.6608	4.8970	0.4428	4.8970	0.3945	6.4883
pBank	-0.0871	0.0690		0.1003	0.0715		-0.6298	3.8940	**	0.7928	5.5212	0.7891	5.5212	0.0485	7.1704
Growth	0.2330	0.3480		0.7764	2.2527		0.7602	1.1685		0.5553	1.2580	0.1334	1.2580	0.2797	1.3352
MB	-0.1280	4.8817	**	-0.1976	6.0330	**	-0.2147	5.5924	**	0.0271	1.3893	0.0140	1.3893	0.0180	1.5256
Tax	-3.2486	1.1946		-5.5792	2.0321		-1.2141	0.0722		0.2744	1.4805	0.1540	1.4805	0.7882	1.5761
AC	0.0960	0.1433		-0.0369	0.0145		0.1440	0.2761		0.7050	1.6620	0.9040	1.6620	0.5993	1.6952
Lag	-0.0838	0.0664		-0.2316	0.3300		-0.3306	0.6633		0.7966	1.4073	0.5657	1.4073	0.4154	1.3885
Busy	0.0177	0.0042		-0.2057	0.3616		-0.1159	0.1010		0.9483	1.0927	0.5476	1.0927	0.7507	1.0628
Noe	0.0482	5.6971	**	0.0232	0.5754		0.0338	1.0984		0.0170	3.4725	0.4481	3.4725	0.2946	3.6137
Std	-2.9955	8.4654	***	-11.6199	17.9060	***	-9.4858	8.5784	***	0.0036	1.3428	0.0000	1.3428	0.0034	1.3237
Intercept	-0.2580	0.0113		1.1866	0.1822		-0.4322	0.0180		0.9154	-	0.6695	-	0.8932	-
Nagelkerke R^2		0.1673			0.2413			0.2602							
Number of Obs.		1125			1125			834							

Appendix 217: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long8}, EPT_{Long5} and RPT_{Long5} (2/2)

	$Less\ Freq_{Beat}$			$Less\ Freq_{AF\_Switch}$			$Just\ Miss$			$Less\ Freq_{Beat}$		$Less\ Freq_{AF\_Switch}$		$Just\ Miss$	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long8}	-0.0404	0.0257		-0.1924	0.6280		-0.0615	0.0580		0.8726	1.3170	0.4281	1.3112	0.8097	1.3038
EPT_{Long5}	0.7161	7.1502	***	0.5129	3.4641	*	0.1195	0.1186		0.0075	1.2150	0.0627	1.2261	0.7306	1.2324
RPT_{Long5}	0.1887	0.3797		0.2268	0.5693		0.2818	0.8393		0.5377	1.2020	0.4505	1.2087	0.3596	1.2080
Audit Partne-Specific Variables															
EP_{Exp}	0.0015	0.0041		0.0151	0.4467		0.0043	0.0256		0.9486	1.3063	0.5039	1.3301	0.8730	1.3067
RP_{Exp}	-0.0451	5.5495	**	-0.0579	10.3438	***	-0.0238	1.4113		0.0185	1.2278	0.0013	1.2274	0.2348	1.2113
$EP_{Ability}$	-0.0656	0.0194		-0.2269	0.2267		0.4441	1.1251		0.8893	1.0856	0.6340	1.0944	0.2888	1.0868
$RP_{Ability}$	-0.0700	0.0648		0.1371	0.2809		-0.6956	2.9536	*	0.7991	1.2025	0.5961	1.1867	0.0857	1.1887
Gender	-0.1214	0.2249		-0.2690	0.9618		0.1965	0.4420		0.6354	1.1263	0.3267	1.1287	0.5061	1.1219
Audit Firm-Specific Variables															
Big4	0.1163	0.1319		-0.0923	0.0777		-0.7896	4.8613	**	0.7165	1.9990	0.7805	2.0564	0.0275	2.0040
IndExp	-0.6215	1.7642		-0.4751	1.1307		-0.9029	3.2419	*	0.1841	1.7144	0.2876	1.7260	0.0718	1.6958
Office	-0.0851	1.9039		-0.0563	0.7399		0.0780	1.3323		0.1676	2.3391	0.3897	2.4394	0.2484	2.3213
Client-Specific Variables															
Age	0.1085	0.8330		0.0390	0.1010		0.0458	0.1127		0.3614	1.4243	0.7506	1.4641	0.7371	1.4354
Size	-0.0991	0.7037		-0.0513	0.2007		-0.1618	1.5253		0.4015	5.5427	0.6542	5.5893	0.2168	5.5615
OCF	2.2257	2.9565	*	2.7286	4.9030	**	0.8925	0.6641		0.0855	1.7478	0.0268	1.7322	0.4151	1.7392
Lev	0.4320	0.0262		-0.4709	0.0399		0.5733	0.1171		0.8714	4.8469	0.8416	4.7750	0.7323	4.8970
pBank	-0.1497	0.1563		-0.0684	0.0408		-0.1359	0.4429		0.6925	5.4530	0.8399	5.4029	0.5057	5.5212
Growth	0.7662	3.0363	*	0.5738	1.6200		0.5011	1.8350		0.0814	1.2555	0.2031	1.2663	0.1755	1.2580
MB	-0.1954	5.9982	**	-0.1583	5.0633	**	0.0487	0.6957		0.0143	1.3876	0.0244	1.4445	0.4042	1.3893
Tax	0.3076	0.0088		-1.8931	0.3168		1.7410	0.2145		0.9251	1.4858	0.5735	1.5442	0.6433	1.4805
AC	0.3978	2.3324		0.1410	0.2853		0.1819	0.2148		0.1267	1.6266	0.5933	1.6660	0.6431	1.6620
Lag	0.0444	0.0172		0.0816	0.0515		-0.0141	0.0010		0.8956	1.4201	0.8205	1.4117	0.9746	1.4073
Busy	-0.1340	0.1994		-0.1187	0.1469		0.1605	0.1538		0.6552	1.1040	0.7015	1.1309	0.6950	1.0927
Noe	0.0352	1.8362		0.0287	1.1335		0.0681	7.1029	***	0.1754	3.4502	0.2870	3.4879	0.0077	3.4725
Std	-9.1824	14.9958	***	-9.7581	13.9805	***	-6.9212	22.0917	***	0.0001	1.3397	0.0002	1.3427	0.0000	1.3428
Intercept	0.5817	0.0510		0.7226	0.0779		-1.7634	0.3526		0.8213	-	0.7801	-	0.5526	-
Nagelkerke R^2		0.2111			0.2397			0.1657							
Number of Obs.		1102			1015			1125							

Appendix 218: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long9}, EPT_{Long5} and RPT_{Long5} (1/2)

	Median			Beat by 1 Cent			Less Real Earnings			Median		Beat by 1 Cent		Less Real Earnings	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long9}	-0.3128	1.4461		-0.6137	3.5514	*	-0.2947	0.8742		0.2292	1.3141	0.0595	1.3141	0.3498	1.2655
EPT_{Long5}	0.2331	0.6906		0.4832	2.0454		0.6000	4.5100	**	0.4060	1.2314	0.1527	1.2314	0.0337	1.2415
RPT_{Long5}	0.4028	2.0111		0.2577	0.4262		-0.1257	0.1241		0.1562	1.2069	0.5139	1.2069	0.7246	1.2065
Audit Partne-Specific Variables															
EP_{Exp}	-0.0154	0.5944		0.0054	0.0439		0.0018	0.0046		0.4407	1.3071	0.8340	1.3071	0.9462	1.3046
RP_{Exp}	-0.0289	2.6769		-0.0512	6.0476	**	-0.0625	8.3089	***	0.1018	1.2041	0.0139	1.2041	0.0039	1.2035
$EP_{Ability}$	0.4801	2.1130		0.5514	1.5974		0.1343	0.0575		0.1461	1.0861	0.2063	1.0861	0.8105	1.1088
$RP_{Ability}$	-0.4103	2.5814		0.1797	0.3483		0.2287	0.6243		0.1081	1.1882	0.5551	1.1882	0.4295	1.1580
Gender	-0.3012	1.3303		-0.5086	2.6434		-0.3089	1.1919		0.2488	1.1222	0.1040	1.1222	0.2750	1.1572
Audit Firm-Specific Variables															
Big4	-0.8518	8.2910	***	-0.1179	0.1050		-0.5342	1.9870		0.0040	1.9980	0.7459	1.9980	0.1587	2.0757
IndExp	-0.9446	4.2631	**	-0.1781	0.1127		-0.4020	0.6547		0.0389	1.6966	0.7371	1.6966	0.4184	1.6300
Office	-0.0144	0.0583		-0.0402	0.3632		0.0083	0.0147		0.8093	2.3101	0.5467	2.3101	0.9035	2.3930
Client-Specific Variables															
Age	-0.0258	0.0649		0.1282	0.6622		0.1178	0.8168		0.7988	1.4120	0.4158	1.4120	0.3661	1.3786
Size	-0.0120	0.0121		0.0670	0.2420		-0.0384	0.0765		0.9124	5.5926	0.6228	5.5926	0.7821	5.6195
OCF	2.2045	3.7907	*	3.3043	5.5238	**	2.4341	3.2821	*	0.0515	1.7348	0.0188	1.7348	0.0700	1.7437
Lev	-0.9716	0.1808		-2.2194	0.6101		1.8815	0.7112		0.6707	4.8667	0.4347	4.8667	0.3991	6.4632
pBank	-0.0979	0.0915		0.1053	0.0767		-0.6260	4.0210	**	0.7623	5.4817	0.7818	5.4817	0.0449	7.1414
Growth	0.2296	0.3375		0.7755	2.1671		0.7348	1.0861		0.5613	1.2586	0.1410	1.2586	0.2973	1.3360
MB	-0.1280	4.8055	**	-0.2043	6.1005	**	-0.2167	5.6634	**	0.0284	1.3893	0.0135	1.3893	0.0173	1.5259
Tax	-3.2072	1.1672		-5.7420	2.1660		-1.2880	0.0822		0.2800	1.4814	0.1411	1.4814	0.7744	1.5760
AC	0.0996	0.1532		-0.0327	0.0113		0.1412	0.2634		0.6955	1.6635	0.9153	1.6635	0.6078	1.6953
Lag	-0.0871	0.0731		-0.2384	0.3372		-0.3322	0.6587		0.7869	1.4095	0.5615	1.4095	0.4170	1.3890
Busy	0.0259	0.0089		-0.1888	0.3038		-0.1184	0.1064		0.9247	1.0932	0.5815	1.0932	0.7442	1.0620
Noe	0.0488	5.8493	**	0.0230	0.5565		0.0337	1.0821		0.0156	3.4726	0.4557	3.4726	0.2982	3.6136
Std	-2.9898	8.2851	***	-11.7371	17.8945	***	-9.5373	8.4626	***	0.0040	1.3378	0.0000	1.3378	0.0036	1.3198
Intercept	-0.2159	0.0082		1.0567	0.1442		-0.5207	0.0266		0.9280	-	0.7041	-	0.8703	-
Nagelkerke R^2		0.1659			0.2440			0.2613							
Number of Obs.		1125			1125			834							

Appendix 219: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long9}, EPT_{Long5} and RPT_{Long5} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long9}	-0.1238	0.2001		-0.2970	1.1206		0.1649	0.3239		0.6546	1.3229	0.2898	1.3266	0.5693	1.3141
EPT_{Long5}	0.7206	7.3379	***	0.5120	3.4823	*	0.1097	0.1015		0.0068	1.2138	0.0620	1.2254	0.7501	1.2314
RPT_{Long5}	0.1962	0.4089		0.2394	0.6293		0.2687	0.7770		0.5225	1.2001	0.4276	1.2085	0.3781	1.2069
Audit Partne-Specific Variables															
EP_{Exp}	0.0013	0.0032		0.0152	0.4605		0.0052	0.0374		0.9546	1.3071	0.4974	1.3305	0.8467	1.3071
RP_{Exp}	-0.0457	5.8077	**	-0.0581	10.7497	***	-0.0224	1.3062		0.0160	1.2187	0.0010	1.2196	0.2531	1.2041
$EP_{Ability}$	-0.0668	0.0204		-0.2303	0.2387		0.4476	1.1459		0.8865	1.0849	0.6251	1.0936	0.2844	1.0861
$RP_{Ability}$	-0.0638	0.0538		0.1400	0.2958		-0.7107	3.0329	*	0.8166	1.2016	0.5866	1.1866	0.0816	1.1882
Gender	-0.1215	0.2282		-0.2672	0.9661		0.1983	0.4626		0.6328	1.1270	0.3256	1.1288	0.4964	1.1222
Audit Firm-Specific Variables															
Big4	0.1043	0.1046		-0.0974	0.0850		-0.7496	4.4146	**	0.7464	1.9922	0.7706	2.0496	0.0356	1.9980
IndExp	-0.6139	1.7457		-0.4639	1.0964		-0.9234	3.3731	*	0.1864	1.7150	0.2951	1.7272	0.0663	1.6966
Office	-0.0836	1.8251		-0.0559	0.7280		0.0723	1.1322		0.1767	2.3261	0.3935	2.4219	0.2873	2.3101
Client-Specific Variables															
Age	0.1131	0.9144		0.0402	0.1088		0.0243	0.0310		0.3390	1.4012	0.7416	1.4442	0.8601	1.4120
Size	-0.0917	0.6205		-0.0423	0.1395		-0.1795	1.8465		0.4309	5.5732	0.7088	5.6273	0.1742	5.5926
OCF	2.2589	3.0897	*	2.7588	5.1369	**	0.8402	0.5952		0.0788	1.7418	0.0234	1.7278	0.4404	1.7348
Lev	0.3771	0.0198		-0.5324	0.0507		0.6324	0.1457		0.8880	4.8104	0.8218	4.7440	0.7027	4.8667
pBank	-0.1434	0.1430		-0.0620	0.0337		-0.1485	0.5427		0.7053	5.4100	0.8543	5.3684	0.4613	5.4817
Growth	0.7662	3.0059	*	0.5707	1.5735		0.4939	1.7490		0.0830	1.2559	0.2097	1.2669	0.1860	1.2586
MB	-0.1968	6.0085	**	-0.1609	5.0954	**	0.0473	0.6673		0.0142	1.3877	0.0240	1.4446	0.4140	1.3893
Tax	0.2434	0.0056		-1.9842	0.3515		1.8401	0.2415		0.9406	1.4868	0.5533	1.5450	0.6231	1.4814
AC	0.3997	2.3528		0.1462	0.3070		0.1686	0.1867		0.1251	1.6277	0.5795	1.6676	0.6657	1.6635
Lag	0.0431	0.0162		0.0776	0.0459		-0.0059	0.0002		0.8987	1.4224	0.8304	1.4133	0.9892	1.4095
Busy	-0.1296	0.1868		-0.1136	0.1353		0.1537	0.1391		0.6656	1.1044	0.7130	1.1313	0.7092	1.0932
Noe	0.0348	1.7822		0.0285	1.1075		0.0693	7.3939	***	0.1819	3.4503	0.2926	3.4881	0.0065	3.4726
Std	-9.1816	14.9369	***	-9.7869	13.8306	***	-6.8704	21.8048	***	0.0001	1.3341	0.0002	1.3375	0.0000	1.3378
Intercept	0.5322	0.0428		0.6785	0.0691		-1.6252	0.3028		0.8361	-	0.7927	-	0.5821	-
Nagelkerke R^2		0.2114			0.2407			0.1662							
Number of Obs.		1102			1015			1125							

Appendix 220: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (1/2)

	Median			Beat by 1 Cent			Less Real Earnings			Median		Beat by 1 Cent		Less Real Earnings	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long10}	-0.0973	0.1024		-0.1587	0.1994		-0.3140	0.8208		0.7490	1.2991	0.6552	1.2991	0.3650	1.2739
EPT_{Long5}	0.2163	0.6081		0.4496	1.7774		0.5854	4.4245	**	0.4355	1.2303	0.1825	1.2303	0.0354	1.2353
RPT_{Long5}	0.3917	1.9341		0.2376	0.3714		-0.1278	0.1282		0.1643	1.2005	0.5423	1.2005	0.7203	1.2077
Audit Partne-Specific Variables															
EP_{Exp}	-0.0146	0.5409		0.0076	0.0898		0.0020	0.0057		0.4621	1.3070	0.7644	1.3070	0.9397	1.3040
RP_{Exp}	-0.0274	2.4104		-0.0480	5.5117	**	-0.0622	8.1959	***	0.1205	1.2020	0.0189	1.2020	0.0042	1.2014
$EP_{Ability}$	0.4896	2.1004		0.5633	1.5809		0.1071	0.0363		0.1473	1.0877	0.2086	1.0877	0.8489	1.1105
$RP_{Ability}$	-0.4180	2.6820		0.1656	0.2883		0.2323	0.6378		0.1015	1.1882	0.5913	1.1882	0.4245	1.1580
Gender	-0.3111	1.4058		-0.5375	2.7965	*	-0.3071	1.1762		0.2358	1.1223	0.0945	1.1223	0.2781	1.1572
Audit Firm-Specific Variables															
Big4	-0.8179	7.7785	***	-0.0739	0.0427		-0.5336	2.0372		0.0053	1.9881	0.8363	1.9881	0.1535	2.0733
IndExp	-0.9669	4.3349	**	-0.1897	0.1269		-0.4110	0.6904		0.0373	1.6973	0.7216	1.6973	0.4060	1.6286
Office	-0.0183	0.0948		-0.0467	0.4889		0.0050	0.0055		0.7582	2.2980	0.4844	2.2980	0.9408	2.3779
Client-Specific Variables															
Age	-0.0425	0.1745		0.0842	0.2809		0.1074	0.6907		0.6762	1.3945	0.5961	1.3945	0.4059	1.3684
Size	-0.0318	0.0892		0.0241	0.0325		-0.0331	0.0561		0.7652	5.5736	0.8568	5.5736	0.8127	5.6704
OCF	2.1335	3.6045	*	3.0600	4.8918	**	2.4023	3.2098	*	0.0576	1.7324	0.0270	1.7324	0.0732	1.7423
Lev	-0.8999	0.1658		-1.9893	0.5673		1.7394	0.5996		0.6839	4.8669	0.4513	4.8669	0.4387	6.4680
pBank	-0.1056	0.1139		0.0781	0.0491		-0.6110	3.7963	*	0.7357	5.4798	0.8246	5.4798	0.0514	7.1418
Growth	0.2360	0.3632		0.7694	2.2116		0.7553	1.1478		0.5467	1.2582	0.1370	1.2582	0.2840	1.3339
MB	-0.1270	4.7580	**	-0.1980	5.9808	**	-0.2174	5.5107	**	0.0292	1.3912	0.0145	1.3912	0.0189	1.5274
Tax	-3.1201	1.1177		-5.2702	1.8581		-1.2226	0.0741		0.2904	1.4798	0.1728	1.4798	0.7854	1.5746
AC	0.0837	0.1083		-0.0348	0.0131		0.1385	0.2557		0.7421	1.6633	0.9089	1.6633	0.6131	1.6953
Lag	-0.0918	0.0824		-0.2304	0.3260		-0.3400	0.6872		0.7741	1.4094	0.5680	1.4094	0.4071	1.3892
Busy	0.0134	0.0024		-0.2212	0.4196		-0.1334	0.1370		0.9612	1.0929	0.5171	1.0929	0.7113	1.0623
Noe	0.0498	6.2516	**	0.0265	0.7596		0.0334	1.0554		0.0124	3.4753	0.3835	3.4753	0.3043	3.6139
Std	-2.9470	8.2592	***	-11.7066	17.4401	***	-9.4518	8.4847	***	0.0041	1.3371	0.0000	1.3371	0.0036	1.3196
Intercept	0.0100	0.0000		1.4224	0.2804		-0.3852	0.0148		0.9966	-	0.5965	-	0.9032	-
Nagelkerke R^2	0.1637			0.2376			0.2611								
Number of Obs.	1125			1125			834								

Appendix 221: Benchmark Sensitivity Joint Analyses: MBE_{FE} on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (2/2)

	Less Freq$_{Beat}$			*Less Freq*$_{AF\ Switch}$			*Just Miss*			*Less Freq*$_{Beat}$		*Less Freq*$_{AF\ Switch}$		*Just Miss*	
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**VIF**	**p-Value**	**VIF**	**p-Value**	**VIF**
Test Variables															
FT_{Long10}	-0.1293	0.1722		-0.2455	0.6171		0.4131	1.6785		0.6781	1.3028	0.4321	1.3158	0.1951	1.2991
EPT_{Long5}	0.7160	7.3368	***	0.4999	3.3337	*	0.1095	0.1011		0.0068	1.2126	0.0679	1.2250	0.7505	1.2303
RPT_{Long5}	0.1935	0.3960		0.2324	0.5930		0.2590	0.7390		0.5292	1.1924	0.4412	1.2032	0.3900	1.2005
Audit Partne-Specific Variables															
EP_{Exp}	0.0013	0.0032		0.0156	0.4878		0.0058	0.0486		0.9551	1.3068	0.4849	1.3302	0.8256	1.3070
RP_{Exp}	-0.0454	5.6710	**	-0.0573	10.4435	***	-0.0210	1.1303		0.0172	1.2153	0.0012	1.2171	0.2877	1.2020
$EP_{Ability}$	-0.0695	0.0220		-0.2347	0.2430		0.4664	1.2626		0.8822	1.0865	0.6220	1.0949	0.2612	1.0877
$RP_{Ability}$	-0.0658	0.0570		0.1362	0.2762		-0.7143	3.1142	*	0.8113	1.2016	0.5992	1.1866	0.0776	1.1882
Gender	-0.1200	0.2219		-0.2684	0.9661		0.1980	0.4730		0.6376	1.1270	0.3257	1.1289	0.4916	1.1223
Audit Firm-Specific Variables															
Big4	0.1107	0.1225		-0.0817	0.0617		-0.7295	4.1391	**	0.7263	1.9789	0.8039	2.0385	0.0419	1.9881
IndExp	-0.6145	1.7364		-0.4666	1.1049		-0.9475	3.5110	*	0.1876	1.7157	0.2932	1.7280	0.0610	1.6973
Office	-0.0848	1.9276		-0.0592	0.8333		0.0712	1.1276		0.1650	2.3109	0.3613	2.4034	0.2883	2.2980
Client-Specific Variables															
Age	0.1096	0.8552		0.0268	0.0479		0.0189	0.0188		0.3551	1.3848	0.8268	1.4288	0.8908	1.3945
Size	-0.0928	0.6431		-0.0483	0.1839		-0.1956	2.1996		0.4226	5.5498	0.6680	5.6127	0.1380	5.5736
OCF	2.2382	3.0726	*	2.6911	4.9371	**	0.8000	0.5395		0.0796	1.7385	0.0263	1.7248	0.4626	1.7324
Lev	0.3552	0.0179		-0.5400	0.0540		0.7640	0.2074		0.8936	4.8079	0.8162	4.7454	0.6488	4.8669
pBank	-0.1405	0.1397		-0.0606	0.0335		-0.1720	0.6988		0.7086	5.4073	0.8547	5.3683	0.4032	5.4798
Growth	0.7672	3.0354	*	0.5735	1.6187		0.5017	1.8158		0.0815	1.2557	0.2033	1.2664	0.1778	1.2582
MB	-0.1978	5.9890	**	-0.1616	5.0757	**	0.0519	0.8102		0.0144	1.3897	0.0243	1.4466	0.3681	1.3912
Tax	0.3062	0.0088		-1.7964	0.2892		1.8950	0.2566		0.9253	1.4847	0.5908	1.5415	0.6125	1.4798
AC	0.4001	2.3531		0.1426	0.2927		0.1586	0.1620		0.1250	1.6278	0.5885	1.6667	0.6873	1.6633
Lag	0.0415	0.0150		0.0761	0.0444		-0.0003	0.0000		0.9024	1.4223	0.8331	1.4138	0.9994	1.4094
Busy	-0.1340	0.2011		-0.1280	0.1734		0.1518	0.1343		0.6539	1.1042	0.6771	1.1309	0.7140	1.0929
Noe	0.0351	1.8123		0.0295	1.1919		0.0688	7.2311	***	0.1782	3.4525	0.2749	3.4909	0.0072	3.4753
Std	-9.1564	14.7604	***	-9.7555	13.6661	***	-6.8852	21.9853	***	0.0001	1.3330	0.0002	1.3371	0.0000	1.3371
Intercept	0.5918	0.0541		0.8205	0.1043		-1.6487	0.3195		0.8161	-	0.7467	-	0.5719	-
Nagelkerke R^2		0.2113			0.2398			0.1688							
Number of Obs.		1102			1015			1125							

Appendix 222: Benchmark Sensitivity Joint Analysis: MBE_{FE} on *FT* and *Team*

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT	0.0241	0.5470		0.4596	1.3647
Team	0.0955	1.7537		0.1854	1.1923
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0223	2.0868		0.1486	1.3288
$Team_{Ability}$	0.0049	0.0004		0.9834	1.1358
Gender	-0.2347	0.7976		0.3718	1.1202
Audit Firm-Specific Variables					
Big4	-0.1336	0.1684		0.6815	1.9875
IndExp	-0.3325	0.5355		0.4643	1.6998
Office	-0.0374	0.3590		0.5491	2.2965
Client-Specific Variables					
Age	0.0650	0.2876		0.5918	1.4252
Size	-0.0780	0.4586		0.4983	5.5134
OCF	2.4796	4.1501	**	0.0416	1.7322
Lev	-0.1986	0.0055		0.9410	4.8657
pBank	-0.1402	0.1344		0.7139	5.4938
Growth	0.7808	3.4281	*	0.0641	1.2582
MB	-0.1757	5.9812	**	0.0145	1.3826
Tax	-1.6240	0.2402		0.6240	1.4754
AC	0.1863	0.5709		0.4499	1.6418
Lag	-0.0359	0.0115		0.9146	1.4013
Busy	-0.2338	0.5939		0.4409	1.0887
Noe	0.0358	1.8397		0.1750	3.4559
Std	-9.8393	15.3150	***	0.0001	1.3250
Y2008	-0.0837	0.0564		0.8123	1.6697
Y2009	-0.3908	1.0479		0.3060	1.7618
Intercept	0.3370	0.0170		0.896	-
Nagelkerke R^2		0.2154			
Number of Obs.		1125			

Appendix 223: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Short} and $Team_{Short}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short}	-0.4011	2.7057	*	0.1000	1.2571
$Team_{Short}$	-0.4433	2.8481	*	0.0915	1.2415
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0246	2.6217		0.1054	1.2958
$Team_{Ability}$	0.0058	0.0006		0.9803	1.1349
Gender	-0.2235	0.7309		0.3926	1.1217
Audit Firm-Specific Variables					
Big4	-0.1295	0.1640		0.6855	1.9747
IndExp	-0.3840	0.7155		0.3976	1.7011
Office	-0.0379	0.3827		0.5361	2.2879
Client-Specific Variables					
Age	0.0488	0.1541		0.6946	1.3923
Size	-0.0772	0.4549		0.5000	5.3927
OCF	2.5035	4.3994	**	0.0360	1.7304
Lev	-0.3204	0.0148		0.9030	4.8474
pBank	-0.1324	0.1252		0.7234	5.4844
Growth	0.8025	3.6476	*	0.0561	1.2606
MB	-0.1783	6.2543	**	0.0124	1.3821
Tax	-1.8281	0.3002		0.5838	1.4690
AC	0.2023	0.6680		0.4138	1.6422
Lag	-0.0416	0.0153		0.9014	1.3989
Busy	-0.2518	0.6802		0.4095	1.0884
Noe	0.0356	1.7795		0.1822	3.4497
Std	-9.7208	14.8116	***	0.0001	1.3165
Intercept	1.3737	0.2921		0.589	-
Nagelkerke R^2		0.2230			
Number of Obs.		1125			

Appendix 224: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Long} and $Team_{Long}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long}	0.0260	0.0047		0.9456	1.2543
$Team_{Long}$	0.5870	1.5585		0.2119	1.0731
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0203	1.6933		0.1932	1.2644
$Team_{Ability}$	0.0290	0.0149		0.9028	1.1347
Gender	-0.2448	0.8700		0.3510	1.1173
Audit Firm-Specific Variables					
Big4	-0.1582	0.2385		0.6253	1.9616
IndExp	-0.2986	0.4331		0.5105	1.6995
Office	-0.0354	0.3210		0.5710	2.2738
Client-Specific Variables					
Age	0.0861	0.5270		0.4679	1.3883
Size	-0.0645	0.3295		0.5660	5.4765
OCF	2.4883	4.1510	**	0.0416	1.7293
Lev	-0.1478	0.0029		0.9568	4.8405
pBank	-0.1518	0.1512		0.6974	5.4540
Growth	0.7979	3.5638	*	0.0591	1.2579
MB	-0.1774	6.0853	**	0.0136	1.3873
Tax	-1.9029	0.3281		0.5668	1.4709
AC	0.1723	0.4930		0.4826	1.6395
Lag	-0.0317	0.0090		0.9244	1.4024
Busy	-0.2044	0.4592		0.4980	1.0881
Noe	0.0361	1.8765		0.1707	3.4519
Std	-9.8283	15.5044	***	0.0001	1.3123
Intercept	0.3406	0.0173		0.895	-
Nagelkerke R^2		0.2135			
Number of Obs.		1125			

Appendix 225: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Short2} and $Team_{Short2}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Short2}	-0.3648	1.7521		0.1856	1.2850
$Team_{Short2}$	0.0918	0.1842		0.6678	1.2977
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0180	1.4288		0.2320	1.2988
$Team_{Ability}$	0.0404	0.0299		0.8628	1.1355
Gender	-0.2594	0.9971		0.3180	1.1214
Audit Firm-Specific Variables					
Big4	-0.1478	0.2163		0.6419	1.9638
IndExp	-0.3040	0.4661		0.4948	1.6969
Office	-0.0395	0.4166		0.5187	2.2795
Client-Specific Variables					
Age	0.0767	0.4011		0.5265	1.3804
Size	-0.0752	0.4380		0.5081	5.3880
OCF	2.5764	4.5075	**	0.0337	1.7320
Lev	-0.2112	0.0064		0.9363	4.8571
pBank	-0.1398	0.1382		0.7101	5.4926
Growth	0.8485	3.9266	**	0.0475	1.2605
MB	-0.1784	6.2993	**	0.0121	1.3831
Tax	-2.0465	0.3743		0.5407	1.4734
AC	0.1578	0.4057		0.5241	1.6399
Lag	-0.0294	0.0078		0.9298	1.4007
Busy	-0.2147	0.5078		0.4761	1.0892
Noe	0.0367	1.9210		0.1657	3.4566
Std	-9.8066	15.2541	***	0.0001	1.3134
Intercept	0.5780	0.0530		0.818	-
Nagelkerke R^2		0.2146			
Number of Obs.		1125			

Appendix 226: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Long7} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long7}	-0.0479	0.0394		0.8427	1.2371
$Team_{Long5}$	0.6581	3.5618	*	0.0591	1.1136
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0235	2.3140		0.1282	1.2884
$Team_{Ability}$	0.0112	0.0022		0.9625	1.1356
Gender	-0.2157	0.6944		0.4047	1.1194
Audit Firm-Specific Variables					
Big4	-0.1710	0.2749		0.6000	1.9891
IndExp	-0.3541	0.6078		0.4356	1.7039
Office	-0.0322	0.2708		0.6028	2.3023
Client-Specific Variables					
Age	0.0893	0.5572		0.4554	1.4322
Size	-0.0598	0.2682		0.6046	5.4330
OCF	2.5133	4.0785	**	0.0434	1.7354
Lev	-0.1437	0.0026		0.9595	4.8352
pBank	-0.1568	0.1488		0.6997	5.4748
Growth	0.7506	3.2889	*	0.0697	1.2575
MB	-0.1745	6.0103	**	0.0142	1.3818
Tax	-2.0276	0.3797		0.5378	1.4678
AC	0.1912	0.6111		0.4344	1.6436
Lag	-0.0472	0.0195		0.8890	1.3992
Busy	-0.2128	0.5022		0.4785	1.0890
Noe	0.0355	1.8311		0.1760	3.4441
Std	-9.8828	15.3787	***	0.0001	1.3154
Intercept	0.3336	0.0159		0.900	-
Nagelkerke R^2		0.2168			
Number of Obs.		1125			

Appendix 227: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Long8} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long8}	-0.0991	0.1643		0.6852	1.2728
$Team_{Long5}$	0.6553	3.5547	*	0.0594	1.1118
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0238	2.3704		0.1237	1.2887
$Team_{Ability}$	0.0128	0.0029		0.9570	1.1352
Gender	-0.2133	0.6843		0.4081	1.1187
Audit Firm-Specific Variables					
Big4	-0.1783	0.2955		0.5867	1.9833
IndExp	-0.3511	0.6006		0.4384	1.7047
Office	-0.0313	0.2501		0.6170	2.3005
Client-Specific Variables					
Age	0.0948	0.6311		0.4269	1.4359
Size	-0.0548	0.2300		0.6315	5.4819
OCF	2.5433	4.2210	**	0.0399	1.7367
Lev	-0.1839	0.0042		0.9484	4.8562
pBank	-0.1518	0.1386		0.7096	5.4905
Growth	0.7528	3.3014	*	0.0692	1.2577
MB	-0.1747	6.0660	**	0.0138	1.3818
Tax	-2.0718	0.3949		0.5297	1.4680
AC	0.1922	0.6178		0.4319	1.6438
Lag	-0.0463	0.0187		0.8913	1.4001
Busy	-0.2132	0.5067		0.4766	1.0879
Noe	0.0352	1.7816		0.1819	3.4426
Std	-9.8742	15.3975	***	0.0001	1.3201
Intercept	0.2930	0.0121		0.912	-
Nagelkerke R^2		0.2170			
Number of Obs.		1125			

Appendix 228: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Long9} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long9}	-0.2245	0.6202		0.4310	1.2887
$Team_{Long5}$	0.6580	3.5651	*	0.0590	1.1119
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0241	2.4729		0.1158	1.2840
$Team_{Ability}$	0.0144	0.0037		0.9514	1.1350
Gender	-0.2094	0.6713		0.4126	1.1189
Audit Firm-Specific Variables					
Big4	-0.1907	0.3333		0.5638	1.9768
IndExp	-0.3376	0.5643		0.4525	1.7056
Office	-0.0300	0.2283		0.6328	2.2906
Client-Specific Variables					
Age	0.1012	0.7339		0.3916	1.4130
Size	-0.0432	0.1457		0.7026	5.5106
OCF	2.5877	4.4637	**	0.0346	1.7320
Lev	-0.2506	0.0077		0.9299	4.8293
pBank	-0.1437	0.1243		0.7245	5.4542
Growth	0.7530	3.2533	*	0.0713	1.2582
MB	-0.1766	6.1264	**	0.0133	1.3818
Tax	-2.1263	0.4185		0.5177	1.4690
AC	0.1963	0.6425		0.4228	1.6448
Lag	-0.0469	0.0191		0.8901	1.4020
Busy	-0.2056	0.4727		0.4917	1.0883
Noe	0.0347	1.7165		0.1901	3.4425
Std	-9.8970	15.3100	***	0.0001	1.3145
Intercept	0.2003	0.0056		0.940	-
Nagelkerke R^2		0.2179			
Number of Obs.		1125			

Appendix 229: Benchmark Sensitivity Joint Analysis: MBE_{FE} on FT_{Long10} and $Team_{Long5}$

Variable	Coeff.	Wald		p-Value	VIF
Test Variable					
FT_{Long10}	-0.2088	0.4371		0.5085	1.2841
$Team_{Long5}$	0.6568	3.5430	*	0.0598	1.1118
Audit Partne-Specific Variables					
$Team_{Exp}$	-0.0239	2.4525		0.1173	1.2844
$Team_{Ability}$	0.0099	0.0018		0.9665	1.1352
Gender	-0.2097	0.6692		0.4133	1.1190
Audit Firm-Specific Variables					
Big4	-0.1792	0.3040		0.5814	1.9667
IndExp	-0.3390	0.5683		0.4509	1.7062
Office	-0.0318	0.2616		0.6090	2.2804
Client-Specific Variables					
Age	0.0926	0.6105		0.4346	1.3957
Size	-0.0469	0.1746		0.6761	5.4955
OCF	2.5515	4.3879	**	0.0362	1.7293
Lev	-0.2790	0.0098		0.9211	4.8316
pBank	-0.1407	0.1222		0.7267	5.4537
Growth	0.7530	3.2951	*	0.0695	1.2579
MB	-0.1783	6.0915	**	0.0136	1.3832
Tax	-2.0288	0.3822		0.5364	1.4671
AC	0.1939	0.6283		0.4280	1.6447
Lag	-0.0491	0.0209		0.8852	1.4022
Busy	-0.2153	0.5199		0.4709	1.0880
Noe	0.0353	1.7835		0.1817	3.4461
Std	-9.8526	15.1760	***	0.0001	1.3143
Intercept	0.3099	0.0140		0.906	-
Nagelkerke R^2		0.2175			
Number of Obs.		1125			

Appendix 230: Benchmark Analysis – Overview of Results at Audit Firm Level

Primary Analyses

	Coeff.	Wald	p-Value	
FT	**0.0301**	**0.8968**	**0.3436**	
FT ≤ 2	-0.3001	1.3290	0.2490	
FT ≤ 3	**-0.4886**	**4.4054**	**0.0358**	**
FT ≥ 7	-0.0177	0.0056	0.9406	
FT ≥ 8	-0.0741	0.0933	0.7601	
FT ≥ 9	-0.2034	0.5065	0.4767	
FT ≥ 10	-0.1867	0.3518	0.5531	
FT ≥ 11	**0.0340**	**0.0082**	**0.9279**	

Median

	Coeff.	Wald	p-Value
FT	**-0.0046**	**0.0232**	**0.8791**
FT ≤ 2	-0.2802	1.1105	0.2920
FT ≤ 3	**-0.3362**	**2.0160**	**0.1556**
FT ≥ 7	-0.2471	1.0625	0.3026
FT ≥ 8	-0.3255	1.7330	0.1880
FT ≥ 9	-0.2781	1.1206	0.2898
FT ≥ 10	-0.0906	0.0894	0.7650
FT ≥ 11	**-0.1511**	**0.1875**	**0.6650**

Beat by 1 Cent

	Coeff.	Wald	p-Value	
FT	**0.0168**	**0.1917**	**0.6615**	
FT ≤ 2	-0.3692	1.3103	0.2523	
FT ≤ 3	**-0.5981**	**4.2040**	**0.0403**	**
FT ≥ 7	-0.3139	1.1201	0.2899	
FT ≥ 8	-0.3779	1.5170	0.2181	
FT ≥ 9	-0.5593	3.0379	0.0813	*
FT ≥ 10	-0.1355	0.1508	0.6978	
FT ≥ 11	**0.1686**	**0.1572**	**0.6918**	

Less Real Earnings

	Coeff.	Wald	p-Value
FT	**0.0160**	**0.2276**	**0.6333**
FT ≤ 2	-0.1965	0.5136	0.4736
FT ≤ 3	**-0.4164**	**2.5536**	**0.1100**
FT ≥ 7	-0.0508	0.0381	0.8453
FT ≥ 8	-0.1064	0.1544	0.6943
FT ≥ 9	-0.2314	0.5402	0.4623
FT ≥ 10	-0.2811	0.6531	0.4190
FT ≥ 11	**-0.1676**	**0.1641**	**0.6854**

Less Freq$_{Beat}$

	Coeff.	Wald	p-Value	
FT	**0.0236**	**0.4742**	**0.4911**	
FT ≤ 2	-0.2648	0.7996	0.3712	
FT ≤ 3	**-0.4704**	**3.6571**	**0.0558**	*
FT ≥ 7	-0.0485	0.0398	0.8418	
FT ≥ 8	-0.1025	0.1703	0.6798	
FT ≥ 9	-0.2147	0.5369	0.4637	
FT ≥ 10	-0.1886	0.3497	0.5543	
FT ≥ 11	**0.0600**	**0.0252**	**0.8738**	

Less Freq$_{AF_Switch}$

	Coeff.	Wald	p-Value	
FT	**0.0506**	**2.3324**	**0.1267**	
FT ≤ 2	-0.4218	2.1697	0.1407	
FT ≤ 3	**-0.5723**	**4.9685**	**0.0258**	**
FT ≥ 7	0.1242	0.2465	0.6196	
FT ≥ 8	0.1064	0.1836	0.6683	
FT ≥ 9	0.0046	0.0003	0.9870	
FT ≥ 10	-0.0277	0.0079	0.9292	
FT ≥ 11	**0.2049**	**0.3204**	**0.5714**	

Just Miss

	Coeff.	Wald	p-Value
FT	**-0.0216**	**0.3768**	**0.5393**
FT ≤ 2	-0.0836	0.0716	0.7890
FT ≤ 3	**0.3840**	**2.3592**	**0.1245**
FT ≥ 7	-0.1649	0.4667	0.4945
FT ≥ 8	-0.0535	0.0490	0.8249
FT ≥ 9	0.1648	0.3401	0.5597
FT ≥ 10	0.4156	1.8639	0.1722
FT ≥ 11	**0.4396**	**1.5249**	**0.2169**

Appendix 231: Benchmark Analysis – Overview of Results at Audit Partner Level

Primary Analyses

	Coeff.	Wald	p-Value	
EPT	**0.0734**	**1.2162**	**0.2701**	
RPT	**0.0700**	**0.9446**	**0.3311**	
EPT ≤ 2	-0.0848	0.1368	0.7115	
RPT ≤ 2	-0.0562	0.0566	0.8119	
EPT ≤ 3	**-0.4901**	**3.7249**	**0.0536**	*****
RPT ≤ 3	**-0.2500**	**0.9601**	**0.3272**	
EPT ≥ 5	0.5706	4.6860	0.0304	**
RPT ≥ 5	0.2053	0.4890	0.4844	
EPT ≥ 6	**0.1615**	**0.1831**	**0.6687**	
RPT ≥ 6	**0.3723**	**0.9955**	**0.3184**	

Less FT ≤ 3

	Coeff.	Wald	p-Value
EPT	**0.0085**	**0.0142**	**0.9052**
RPT	**0.0048**	**0.0036**	**0.9520**
EPT ≤ 2	0.0404	0.0251	0.8741
RPT ≤ 2	0.1295	0.2471	0.6191
EPT ≤ 3	**-0.3808**	**1.9871**	**0.1586**
RPT ≤ 3	**-0.1244**	**0.2122**	**0.6450**
EPT ≥ 5	0.4314	2.5415	0.1109
RPT ≥ 5	0.0895	0.0863	0.7690
EPT ≥ 6	**0.0483**	**0.0151**	**0.9022**
RPT ≥ 6	**0.2306**	**0.3410**	**0.5592**

Median

	Coeff.	Wald	p-Value	
EPT	**0.0283**	**0.1934**	**0.6601**	
RPT	**0.1206**	**3.3460**	**0.0674**	*****
EPT ≤ 2	-0.0937	0.1766	0.6743	
RPT ≤ 2	-0.2404	1.1465	0.2843	
EPT ≤ 3	**-0.3540**	**2.0881**	**0.1485**	
RPT ≤ 3	**-0.3533**	**2.0843**	**0.1488**	
EPT ≥ 5	0.2148	0.6015	0.4380	
RPT ≥ 5	0.3900	1.9391	0.1638	
EPT ≥ 6	**0.0205**	**0.0032**	**0.9548**	
RPT ≥ 6	**0.2966**	**0.7047**	**0.4012**	

Beat by 1 Cent

	Coeff.	Wald	p-Value	
EPT	**0.0158**	**0.0393**	**0.8428**	
RPT	**0.0997**	**1.2952**	**0.2551**	
EPT ≤ 2	0.0695	0.0553	0.8140	
RPT ≤ 2	-0.3056	0.9579	0.3277	
EPT ≤ 3	**-0.2680**	**0.7204**	**0.3960**	
RPT ≤ 3	**-0.6049**	**3.7780**	**0.0519**	*****
EPT ≥ 5	0.4430	1.7054	0.1916	
RPT ≥ 5	0.2289	0.3496	0.5543	
EPT ≥ 6	**-0.3350**	**0.4654**	**0.4951**	
RPT ≥ 6	**0.1623**	**0.1098**	**0.7404**	

Less Real Earnings

	Coeff.	Wald	p-Value	
EPT	**0.0571**	**0.5790**	**0.4467**	
RPT	**-0.0181**	**0.0490**	**0.8248**	
EPT ≤ 2	0.0602	0.0533	0.8175	
RPT ≤ 2	0.1371	0.2456	0.6202	
EPT ≤ 3	**-0.4744**	**2.9254**	**0.0872**	*****
RPT ≤ 3	**0.0275**	**0.0094**	**0.9228**	
EPT ≥ 5	0.5731	4.2102	0.0402	**
RPT ≥ 5	-0.1468	0.1735	0.6770	
EPT ≥ 6	**0.1675**	**0.1624**	**0.6869**	
RPT ≥ 6	**-0.0102**	**0.0005**	**0.9815**	

Less Freq$_{Beat}$

	Coeff.	Wald	p-Value	
EPT	**0.0991**	**2.1382**	**0.1437**	
RPT	**0.0578**	**0.5895**	**0.4426**	
EPT ≤ 2	-0.1168	0.2406	0.6238	
RPT ≤ 2	-0.0435	0.0321	0.8577	
EPT ≤ 3	**-0.5996**	**5.4206**	**0.0199**	******
RPT ≤ 3	**-0.1945**	**0.5303**	**0.4665**	
EPT ≥ 5	0.7115	7.2644	0.0070	***
RPT ≥ 5	0.1861	0.3735	0.5411	
EPT ≥ 6	**0.2547**	**0.4234**	**0.5152**	
RPT ≥ 6	**0.2876**	**0.5454**	**0.4602**	

Less Freq$_{AF_Switch}$

	Coeff.	Wald	p-Value	
EPT	**0.0503**	**0.5182**	**0.4716**	
RPT	**0.0661**	**0.7903**	**0.3740**	
EPT ≤ 2	-0.0566	0.0577	0.8102	
RPT ≤ 2	-0.1035	0.1818	0.6699	
EPT ≤ 3	**-0.4588**	**2.9452**	**0.0861**	*****
RPT ≤ 3	**-0.2366**	**0.8264**	**0.3633**	
EPT ≥ 5	0.4958	3.2486	0.0715	*
RPT ≥ 5	0.2224	0.5548	0.4564	
EPT ≥ 6	**0.0493**	**0.0160**	**0.8995**	
RPT ≥ 6	**0.3748**	**0.9848**	**0.3210**	

Just Miss

	Coeff.	Wald	p-Value	
EPT	**0.0272**	**0.1354**	**0.7129**	
RPT	**0.0343**	**0.2233**	**0.6366**	
EPT ≤ 2	-0.2800	1.3328	0.2483	
RPT ≤ 2	-0.1232	0.2629	0.6081	
EPT ≤ 3	**0.2415**	**0.6903**	**0.4061**	
RPT ≤ 3	**-0.1279**	**0.2188**	**0.6400**	
EPT ≥ 5	0.1166	0.1141	0.7355	
RPT ≥ 5	0.2788	0.8336	0.3612	
EPT ≥ 6	**0.1532**	**0.1256**	**0.7230**	
RPT ≥ 6	**-0.1187**	**0.0890**	**0.7655**	

Audit Partner Team Tenure

	Coeff.	Wald	p-Value	
Team	**0.1049**	**2.2398**	**0.1345**	
Team ≤ 2	-0.0285	0.0198	0.8882	
Team ≤ 3	**-0.5889**	**5.6221**	**0.0177**	****
Team ≥ 5	0.6560	3.5515	0.0595	*
Team ≥ 6	**0.5879**	**1.5894**	**0.2074**	

Appendix 232: Benchmark Analysis – Overview of Results of the Joint Analysis

Primary Analyses

	Coeff.	Wald	p-Value	
FT	**0.0091**	**0.0665**	**0.7965**	
EPT	**0.0689**	**0.9590**	**0.3274**	
RPT	**0.0662**	**0.8061**	**0.3693**	
FT ≤ 2	-0.4299	1.9484	0.1628	
EPT ≤ 2	0.0404	0.0285	0.8660	
RPT ≤ 2	0.0787	0.1090	0.7413	
FT ≤ 3	**-0.2858**	**1.0211**	**0.3123**	
EPT ≤ 3	**-0.3973**	**2.2420**	**0.1343**	
RPT ≤ 3	**-0.1552**	**0.3408**	**0.5594**	
FT ≥ 7	-0.1338	0.3063	0.5799	
EPT ≥ 5	0.5896	4.8335	0.0279	**
RPT ≥ 5	0.2149	0.5209	0.4704	
FT ≥ 8	-0.1759	0.5372	0.4636	
EPT ≥ 5	0.5884	4.9109	0.0267	**
RPT ≥ 5	0.2106	0.5086	0.4757	
FT ≥ 9	-0.2975	1.1573	0.2820	
EPT ≥ 5	0.5906	5.0061	0.0253	**
RPT ≥ 5	0.2223	0.5631	0.4530	
FT ≥ 11	-0.2545	0.6776	0.4104	
EPT ≥ 5	0.5779	4.8415	0.0278	**
RPT ≥ 5	0.2149	0.5257	0.4684	
FT ≥ 11	**-0.0260**	**0.0049**	**0.9441**	
EPT ≥ 6	**0.1626**	**0.1822**	**0.6695**	
RPT ≥ 6	**0.3734**	**0.9968**	**0.3181**	

Median

	Coeff.	Wald	p-Value	
FT	**-0.0276**	**0.5741**	**0.4487**	
EPT	**0.0399**	**0.3573**	**0.5500**	
RPT	**0.1322**	**3.3281**	**0.0681**	*****
FT ≤ 2	-0.1387	0.1613	0.6880	
EPT ≤ 2	-0.0576	0.0560	0.8129	
RPT ≤ 2	-0.1949	0.6515	0.4196	
FT ≤ 3	**-0.0298**	**0.0101**	**0.9201**	
EPT ≤ 3	**-0.3450**	**1.8098**	**0.1785**	
RPT ≤ 3	**-0.3428**	**1.5989**	**0.2061**	
FT ≥ 7	-0.3061	1.6222	0.2028	
EPT ≥ 5	0.2548	0.8016	0.3706	
RPT ≥ 5	0.4187	2.1350	0.1440	
FT ≥ 8	-0.3661	2.2172	0.1365	
EPT ≥ 5	0.2411	0.7222	0.3954	
RPT ≥ 5	0.4047	2.0198	0.1553	
FT ≥ 9	-0.3128	1.4461	0.2292	
EPT ≥ 5	0.2331	0.6906	0.4060	
RPT ≥ 5	0.4028	2.0111	0.1562	
FT ≥ 11	-0.0973	0.1024	0.7490	
EPT ≥ 5	0.2163	0.6081	0.4355	
RPT ≥ 5	0.3917	1.9341	0.1643	
FT ≥ 11	**-0.1084**	**0.0913**	**0.7626**	
EPT ≥ 6	**0.0237**	**0.0043**	**0.9479**	
RPT ≥ 6	**0.2992**	**0.7097**	**0.3995**	

Beat by 1 Cent

	Coeff.	Wald	p-Value	
FT	**0.0050**	**0.0123**	**0.9117**	
EPT	**0.0133**	**0.0257**	**0.8726**	
RPT	**0.0975**	**1.1098**	**0.2921**	
FT ≤ 2	-0.4395	1.3065	0.2530	
EPT ≤ 2	0.1863	0.3969	0.5287	
RPT ≤ 2	-0.1590	0.2454	0.6204	
FT ≤ 3	**-0.3289**	**0.8018**	**0.3706**	
EPT ≤ 3	**-0.1685**	**0.2837**	**0.5943**	
RPT ≤ 3	**-0.4871**	**2.0278**	**0.1544**	
FT ≥ 7	-0.3861	1.6067	0.2050	
EPT ≥ 5	0.4927	1.9917	0.1582	
RPT ≥ 5	0.2519	0.4051	0.5245	
FT ≥ 8	-0.4299	1.8820	0.1701	
EPT ≥ 5	0.4804	1.9759	0.1598	
RPT ≥ 5	0.2294	0.3431	0.5580	
FT ≥ 9	-0.6137	3.5514	0.0595	*
EPT ≥ 5	0.4832	2.0454	0.1527	
RPT ≥ 5	0.2577	0.4262	0.5139	
FT ≥ 11	-0.1587	0.1994	0.6552	
EPT ≥ 5	0.4496	1.7774	0.1825	
RPT ≥ 5	0.2376	0.3714	0.5423	
FT ≥ 11	**0.2756**	**0.3906**	**0.5320**	
EPT ≥ 6	**-0.3597**	**0.5146**	**0.4731**	
RPT ≥ 6	**0.1508**	**0.0935**	**0.7598**	

Less Real Earnings

	Coeff.	Wald	p-Value	
FT	**0.0155**	**0.1648**	**0.6848**	
EPT	**0.0483**	**0.3669**	**0.5447**	
RPT	**-0.0250**	**0.0874**	**0.7675**	
FT ≤ 2	-0.6799	3.9604	0.0466	**
EPT ≤ 2	0.2640	0.9637	0.3262	
RPT ≤ 2	0.3640	1.5832	0.2083	
FT ≤ 3	**-0.4171**	**1.6776**	**0.1952**	
EPT ≤ 3	**-0.3269**	**1.2693**	**0.2599**	
RPT ≤ 3	**0.1692**	**0.3203**	**0.5714**	
FT ≥ 7	-0.1265	0.2193	0.6396	
EPT ≥ 5	0.5892	4.3086	0.0379	**
RPT ≥ 5	-0.1349	0.1435	0.7049	
FT ≥ 8	-0.1747	0.4107	0.5216	
EPT ≥ 5	0.5931	4.4198	0.0355	**
RPT ≥ 5	-0.1394	0.1548	0.6940	
FT ≥ 9	-0.2947	0.8742	0.3498	
EPT ≥ 5	0.6000	4.5100	0.0337	**
RPT ≥ 5	-0.1257	0.1241	0.7246	
FT ≥ 11	-0.3140	0.8208	0.3650	
EPT ≥ 5	0.5854	4.4245	0.0354	**
RPT ≥ 5	-0.1278	0.1282	0.7203	
FT ≥ 11	**-0.1528**	**0.1331**	**0.7153**	
EPT ≥ 6	**0.1782**	**0.1821**	**0.6696**	
RPT ≥ 6	**-0.0037**	**0.0001**	**0.9934**	

Less Freq$_{Beat}$

	Coeff.	Wald	p-Value	
FT	**0.0269**	**0.5194**	**0.4711**	
EPT	**0.0857**	**1.3994**	**0.2368**	
RPT	**0.0456**	**0.3543**	**0.5517**	
FT ≤ 2	-0.5632	2.8755	0.0899	*
EPT ≤ 2	0.0442	0.0316	0.8588	
RPT ≤ 2	0.1293	0.2897	0.5904	
FT ≤ 3	**-0.3433**	**1.2425**	**0.2650**	
EPT ≤ 3	**-0.4876**	**3.2465**	**0.0716**	*****
RPT ≤ 3	**-0.0798**	**0.0809**	**0.7760**	
FT ≥ 7	-0.0308	0.0144	0.9046	
EPT ≥ 5	0.7164	7.0694	0.0078	***
RPT ≥ 5	0.1888	0.3772	0.5391	
FT ≥ 8	-0.0404	0.0257	0.8726	
EPT ≥ 5	0.7161	7.1502	0.0075	***
RPT ≥ 5	0.1887	0.3797	0.5377	
FT ≥ 9	-0.1238	0.2001	0.6546	
EPT ≥ 5	0.7206	7.3379	0.0068	***
RPT ≥ 5	0.1962	0.4089	0.5225	
FT ≥ 11	-0.1293	0.1722	0.6781	
EPT ≥ 5	0.7160	7.3368	0.0068	***
RPT ≥ 5	0.1935	0.3960	0.5292	
FT ≥ 11	**0.1127**	**0.0934**	**0.7599**	
EPT ≥ 6	**0.2492**	**0.3935**	**0.5305**	
RPT ≥ 6	**0.2788**	**0.5035**	**0.4780**	

Less Freq $_{AF\ Switch}$

	Coeff.	Wald	p-Value	
FT	**0.0085**	**0.0548**	**0.8149**	
EPT	**0.0466**	**0.4117**	**0.5211**	
RPT	**0.0628**	**0.6805**	**0.4094**	
FT ≤ 2	-0.3771	1.2162	0.2701	
EPT ≤ 2	0.0447	0.0330	0.8558	
RPT ≤ 2	0.0013	0.0000	0.9958	
FT ≤ 3	**-0.3022**	**1.1253**	**0.2888**	
EPT ≤ 3	**-0.3676**	**1.7882**	**0.1811**	
RPT ≤ 3	**-0.1434**	**0.2837**	**0.5943**	
FT ≥ 7	-0.1494	0.3773	0.5390	
EPT ≥ 5	0.5155	3.4448	0.0634	*
RPT ≥ 5	0.2319	0.5845	0.4446	
FT ≥ 8	-0.1924	0.6280	0.4281	
EPT ≥ 5	0.5129	3.4641	0.0627	*
RPT ≥ 5	0.2268	0.5693	0.4505	
FT ≥ 9	-0.2970	1.1206	0.2898	
EPT ≥ 5	0.5120	3.4823	0.0620	*
RPT ≥ 5	0.2394	0.6293	0.4276	
FT ≥ 11	-0.2455	0.6171	0.4321	
EPT ≥ 5	0.4999	3.3337	0.0679	*
RPT ≥ 5	0.2324	0.5930	0.4412	
FT ≥ 11	**0.0108**	**0.0009**	**0.9767**	
EPT ≥ 6	**0.0490**	**0.0155**	**0.9009**	
RPT ≥ 6	**0.3743**	**0.9780**	**0.3227**	

Just Miss

	Coeff.	Wald	p-Value
FT	**-0.0328**	**0.5813**	**0.4458**
EPT	**0.0424**	**0.2732**	**0.6012**
RPT	**0.0473**	**0.3812**	**0.5369**
FT ≤ 2	0.1921	0.1911	0.6620
EPT ≤ 2	-0.3354	1.1874	0.2758
RPT ≤ 2	-0.1831	0.4760	0.4902
FT ≤ 3	**0.5078**	**2.2134**	**0.1368**
EPT ≤ 3	**0.0826**	**0.0647**	**0.7993**
RPT ≤ 3	**-0.3276**	**1.0320**	**0.3097**
FT ≥ 7	-0.1954	0.5575	0.4553
EPT ≥ 5	0.1388	0.1545	0.6942
RPT ≥ 5	0.2986	0.9196	0.3376
FT ≥ 8	-0.0615	0.0580	0.8097
EPT ≥ 5	0.1195	0.1186	0.7306
RPT ≥ 5	0.2818	0.8393	0.3596
FT ≥ 9	0.1649	0.3239	0.5693
EPT ≥ 5	0.1097	0.1015	0.7501
RPT ≥ 5	0.2687	0.7770	0.3781
FT ≥ 11	0.4131	1.6785	0.1951
EPT ≥ 5	0.1095	0.1011	0.7505
RPT ≥ 5	0.2590	0.7390	0.3900
FT ≥ 11	**0.4549**	**1.5103**	**0.2191**
EPT ≥ 6	**0.1332**	**0.0909**	**0.7631**
RPT ≥ 6	**-0.1319**	**0.1167**	**0.7326**

Audit Partner Team Tenure

	Coeff.	Wald	p-Value	
FT	**0.0241**	**0.5470**	**0.4596**	
Team	**0.0955**	**1.7537**	**0.1854**	
FT ≤ 2	-0.3648	1.7521	0.1856	
Team ≤ 2	0.0918	0.1842	0.6678	
FT ≤ 3	**-0.4011**	**2.7057**	**0.1000**	*****
Team ≤ 3	**-0.4433**	**2.8481**	**0.0915**	*****
FT ≥ 7	-0.0479	0.0394	0.8427	
Team ≥ 5	0.6581	3.5618	0.0591	*
FT ≥ 8	-0.0991	0.1643	0.6852	
Team ≥ 5	0.6553	3.5547	0.0594	*
FT ≥ 9	-0.2245	0.6202	0.4310	
Team ≥ 5	0.6580	3.5651	0.0590	*
FT ≥ 10	-0.2088	0.4371	0.5085	
Team ≥ 5	0.6568	3.5430	0.0598	*
FT ≥ 11	**0.0260**	**0.0047**	**0.9456**	
Team ≥ 6	**0.5870**	**1.5585**	**0.2119**	

Appendix 233: Overview of the Mean Adj. R^2 of the Different Prediction Models

Prediction Model	***Ind.***	***Mean Adj. R^2***	***Equation***
MJM	SIC	0.0828	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
JM	SIC	0.1000	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
MJM	Frk	0.1083	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
MJM	Ern	0.1135	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
PAMJM with lag RoA	SIC	0.1150	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it-1}/A_{it-1}] + \varepsilon_{it}$
FLJM	SIC	0.1228	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[((1+k)\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[TA_{it-1}/A_{it-1}] + \beta_5[\Delta Rev_{it+1}/A_{it-1}] + \varepsilon_{it}$
DDM	SIC	0.1261	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \varepsilon_{it}$
PAJM with lag RoA	SIC	0.1271	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it-1}/A_{it-1}] + \varepsilon_{it}$
JM	Frk	0.1401	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
JM	Ern	0.1434	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \varepsilon_{it}$
PAMJM with current RoA	Ern	0.1581	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
PAMJM with current RoA	Frk	0.1671	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
FLJM	Frk	0.1749	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[((1+k)\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[TA_{it-1}/A_{it-1}] + \beta_5[\Delta Rev_{it+1}/A_{it-1}] + \varepsilon_{it}$
PAJM with lag RoA	Ern	0.1789	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it-1}/A_{it-1}] + \varepsilon_{it}$
FLJM	Ern	0.1816	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[((1+k)\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[TA_{it-1}/A_{it-1}] + \beta_5[\Delta Rev_{it+1}/A_{it-1}] + \varepsilon_{it}$
DDM	Ern	0.1822	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \varepsilon_{it}$
DDM	Frk	0.1823	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \varepsilon_{it}$
Prediction Model	***Ind.***	***Mean***	***Equation***

		Adj. R^2	
PAJM with lag RoA	Frk	0.1891	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it-1}/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *ΔOCF*	SIC	0.2454	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[\Delta OCF_{it}/A_{it-1}] + \beta_5[D\Delta OCF_{it}/A_{it-1}] + \beta_6[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *IndOCF*	SIC	0.2456	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[IndOCF_{it}/A_{it-1}] + \beta_5[DIndOCF_{it}/A_{it-1}] + \beta_6[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *OCF*	SIC	0.2824	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[OCF_{it}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *ΔOCF*	Ern	0.2987	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[\Delta OCF_{it}/A_{it-1}] + \beta_5[D\Delta OCF_{it}/A_{it-1}] + \beta_6[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *ΔOCF*	SIC	0.2997	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta OCF_{it}/A_{it-1}] + \beta_6[D\Delta OCF_{it}/A_{it-1}] + \beta_7[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *ΔOCF*	Frk	0.3085	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[\Delta OCF_{it}/A_{it-1}] + \beta_5[D\Delta OCF_{it}/A_{it-1}] + \beta_6[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *IndOCF*	SIC	0.3125	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[IndOCF_{it}/A_{it-1}] + \beta_6[DIndOCF_{it}/A_{it-1}] + \beta_7[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *IndOCF*	Frk	0.3142	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[IndOCF_{it}/A_{it-1}] + \beta_5[DIndOCF_{it}/A_{it-1}] + \beta_6[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *IndOCF*	Ern	0.3148	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[IndOCF_{it}/A_{it-1}] + \beta_5[DIndOCF_{it}/A_{it-1}] + \beta_6[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *OCF*	SIC	0.3155	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it}$
PAMJM with current RoA	SIC	0.3334	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
PAJM with current RoA	SIC	0.3337	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
McNichols Model	SIC	0.3401	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta Rev_{it}/A_{it-1}] + \beta_6[PPE_{it+1}/A_{it-1}] + \varepsilon_{it}$
PAMJM with current RoA	Ern	0.3541	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *OCF*	Ern	0.3572	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[OCF_{it}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it}$
PAJM_MJM with current RoA	Frk	0.3573	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[(\Delta Rev_{it} - \Delta Rec_{it})/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
PAMJM with current RoA	Ern	0.3603	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
Prediction Model	***Ind.***	***Mean Adj. R^2***	***Equation***

McNichols Model	Ern	0.3645	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta Rev_{it}/A_{it-1}] + \beta_6[PPE_{it+1}/A_{it-1}] + \varepsilon_{it}$
PAJM with current RoA	Frk	0.3653	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[RoA_{it}/A_{it-1}] + \varepsilon_{it}$
BS_JM with loss proxy *OCF*	Frk	0.3690	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[\Delta Rev_{it}/A_{it-1}] + \beta_3[PPE_{it}/A_{it-1}] + \beta_4[OCF_{it}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it}$
McNichols Model	Frk	0.3716	$WCA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta Rev_{it}/A_{it-1}] + \beta_6[PPE_{it+1}/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *IndOCF*	Frk	0.3725	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[IndOCF_{it}/A_{it-1}] + \beta_6[DIndOCF_{it}/A_{it-1}] + \beta_7[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *IndOCF*	Ern	0.3750	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[IndOCF_{it}/A_{it-1}] + \beta_6[DIndOCF_{it}/A_{it-1}] + \beta_7[(DIndOCF_{it}*IndOCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *ΔOCF*	Ern	0.3805	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta OCF_{it}/A_{it-1}] + \beta_6[D\Delta OCF_{it}/A_{it-1}] + \beta_7[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *ΔOCF*	Frk	0.3841	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[\Delta OCF_{it}/A_{it-1}] + \beta_6[D\Delta OCF_{it}/A_{it-1}] + \beta_7[(D\Delta OCF_{it}*\Delta OCF_{it})/A_{it-1}] + \varepsilon_{it}$
BS_DDM with loss proxy *OCF*	Ern	0.3887	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it\,it}$
BS_DDM with loss proxy *OCF*	Frk	0.3971	$TA_{it}/A_{it-1} = \beta_0 + \beta_1[1/A_{it-1}] + \beta_2[OCF_{it-1}/A_{it-1}] + \beta_3[OCF_{it}/A_{it-1}] + \beta_4[OCF_{it+1}/A_{it-1}] + \beta_5[DOCF_{it}/A_{it-1}] + \beta_6[(DOCF_{it}*OCF_{it})/A_{it-1}] + \varepsilon_{it}$

Appendix 234: Discretionay Accruals Analysis at Audit Firm Level: |*DA*| on *FT*

	|DA|			|DA|	
Variable	**Coeff.**	**t-Value**			**p-Value**	**VIF**
Test Variable						
FT	-0.0002	-0.5431			0.5874	1.2447
Audit Firm-Specific Variables						
Big4	0.0050	1.1221			0.2625	2.0123
IndExp	0.0032	0.4921			0.6229	1.6439
Office	-0.0005	-0.5906			0.5552	2.2868
Client-Specific Variables						
Age	-0.0006	-0.3972			0.6915	1.3953
Size	0.0015	1.0927			0.2752	2.7270
OCF	0.0433	1.5466			0.1228	1.7422
Lev	-0.1001	-2.5090	**		0.0125	7.3587
pBank	0.0171	3.0308	***		0.0026	8.9491
Growth	-0.0027	-0.4734			0.6362	1.1930
MB	-0.0017	-1.7917	*		0.0740	1.2236
AbsTA	0.1808	4.4490	***		0.0000	1.6087
AC	-0.0089	-2.4559	**		0.0145	1.5967
Lag	0.0142	3.0897	***		0.0022	1.3874
Busy	-0.0005	-0.1287			0.8976	1.0692
Y2008	0.0060	1.5483			0.1224	1.6603
Y2009	0.0075	1.8786	*		0.0611	1.7547
Intercept	0.0451	1.1302			0.2591	-
Adj. R^2	0.2934					
Number of Obs.	1270					

Appendix 235: Discretionay Accruals Analysis at Audit Firm Level: *DA+* and *DA-* on *FT*

	DA+			DA-			DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	
Test Variable								
FT	-0.0005	-1.4071		-0.0001	-0.1954		0.1594	0.8451
Audit Firm-Specific Variables								
Big4	0.0052	1.3897		-0.0035	-0.6560		0.1646	0.5118
IndExp	0.0132	2.3700	**	-0.0039	-0.5008		0.0178	0.6165
Office	0.0001	0.1338		0.0006	0.6728		0.8935	0.5011
Client-Specific Variables								
Age	-0.0020	-1.4971		-0.0020	-1.1063		0.1344	0.2686
Size	0.0004	0.4070		-0.0002	-0.1237		0.6840	0.9016
OCF	-0.2268	-13.1747	***	-0.1800	-9.3921	***	0.0000	0.0000
Lev	0.3469	13.2422	***	0.2859	10.9831	***	0.0000	0.0000
pBank	-0.0604	-14.7559	***	-0.0501	-12.7014	***	0.0000	0.0000
Growth	-0.0019	-0.3777		-0.0029	-0.4279		0.7056	0.6687
MB	-0.0014	-2.0922	**	0.0005	0.6059		0.0364	0.5446
AbsTA	0.1919	10.7671	***	-0.0849	-3.0724	***	0.0000	0.0021
AC	-0.0041	-1.1957		0.0095	2.2741	**	0.2318	0.0230
Lag	0.0061	1.4692		-0.0096	-1.6296		0.1418	0.1032
Busy	-0.0020	-0.5309		-0.0053	-1.0239		0.5955	0.3059
Y2008	0.0118	2.7246	***	0.0029	0.4827		0.0064	0.6293
Y2009	0.0141	3.2534	***	0.0004	0.0635		0.0011	0.9493
Intercept	-0.2534	-8.5003	***	-0.2056	-5.2892	***	0.0000	0.0000
Adj. R^2	-			-				
Number of Obs.	701			569				

Appendix 236: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short}	0.0009	0.2824		0.0027	0.9689		0.0016	0.4038		0.7778	1.0880	0.3326	0.6864
Audit Firm-Specific Variables													
Big4	0.0052	1.1664		0.0053	1.4283		-0.0036	-0.6714		0.2442	1.9988	0.1532	0.5020
IndExp	0.0032	0.4838		0.0131	2.3465	**	-0.0038	-0.4907		0.6288	1.6443	0.0190	0.6237
Office	-0.0005	-0.6214		0.0000	0.0548		0.0007	0.6946		0.5347	2.2803	0.9563	0.4873
Client-Specific Variables													
Age	-0.0007	-0.4546		-0.0022	-1.6183		-0.0020	-1.1167		0.6497	1.3729	0.1056	0.2641
Size	0.0014	1.0584		0.0003	0.2474		-0.0002	-0.1249		0.2906	2.6537	0.8046	0.9006
OCF	0.0430	1.5351		-0.2272	-13.1880	***	-0.1801	-9.4125	***	0.1256	1.7403	0.0000	0.0000
Lev	-0.0998	-2.4944	**	0.3476	13.2580	***	0.2862	10.9904	***	0.0131	7.3579	0.0000	0.0000
pBank	0.0171	3.0133	***	-0.0605	-14.7841	***	-0.0501	-12.7078	***	0.0028	8.9460	0.0000	0.0000
Growth	-0.0027	-0.4698		-0.0017	-0.3393		-0.0028	-0.4173		0.6388	1.1931	0.7344	0.6765
MB	-0.0017	-1.7876	*	-0.0015	-2.1151	**	0.0005	0.6082		0.0747	1.2235	0.0344	0.5430
AbsTA	0.1806	4.4520	***	0.1919	10.7488	***	-0.0849	-3.0766	***	0.0000	1.6083	0.0000	0.0021
AC	-0.0089	-2.4773	**	-0.0044	-1.2880		0.0094	2.2527	**	0.0137	1.5976	0.1977	0.0243
Lag	0.0142	3.0801	***	0.0059	1.4202		-0.0096	-1.6369		0.0022	1.3894	0.1555	0.1017
Busy	-0.0005	-0.1387		-0.0021	-0.5496		-0.0053	-1.0109		0.8897	1.0689	0.5826	0.3121
Intercept	0.0446	1.0979		-0.2544	-8.5113	***	-0.2071	-5.3014	***	0.2730	-	0.0000	0.0000
Nagelkerke R^2	0.2933			-			-						
Number of Obs.	1270			701			569						

Appendix 237: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long}

	|DA|		DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variable														
FT_{Long}	-0.0009	-0.2208		-0.0074	-1.7692	*	-0.0046	-0.8362		0.8254	1.2385	0.0769	0.4030	
Audit Firm-Specific Variables														
Big4	0.0052	1.1787		0.0054	1.4592		-0.0038	-0.7045		0.2393	1.9880	0.1445	0.4811	
IndExp	0.0031	0.4743		0.0132	2.3692	**	-0.0038	-0.4982		0.6356	1.6418	0.0178	0.6183	
Office	-0.0005	-0.6455		0.0000	0.0499		0.0006	0.6321		0.5190	2.2681	0.9602	0.5273	
Client-Specific Variables														
Age	-0.0007	-0.4739		-0.0021	-1.5852		-0.0019	-1.0673		0.6359	1.3702	0.1129	0.2858	
Size	0.0014	1.0427		0.0005	0.5115		0.0000	0.0182		0.2978	2.7566	0.6090	0.9855	
OCF	0.0430	1.5333		-0.2271	-13.2069	***	-0.1797	-9.3920	***	0.1261	1.7406	0.0000	0.0000	
Lev	-0.1000	-2.5044	**	0.3463	13.2291	***	0.2855	10.9739	***	0.0127	7.3668	0.0000	0.0000	
pBank	0.0171	3.0190	***	-0.0604	-14.7696	***	-0.0500	-12.7008	***	0.0027	8.9552	0.0000	0.0000	
Growth	-0.0027	-0.4631		-0.0015	-0.3021		-0.0028	-0.4179		0.6435	1.1926	0.7626	0.6760	
MB	-0.0017	-1.7858	*	-0.0015	-2.1217	**	0.0005	0.5873		0.0750	1.2243	0.0339	0.5570	
AbsTA	0.1805	4.4597	***	0.1906	10.7128	***	-0.0842	-3.0512	***	0.0000	1.6070	0.0000	0.0023	
AC	-0.0089	-2.4516	**	-0.0037	-1.0840		0.0096	2.3080	**	0.0147	1.6050	0.2784	0.0210	
Lag	0.0143	3.1148	***	0.0066	1.5765		-0.0095	-1.6264		0.0020	1.3876	0.1149	0.1039	
Busy	-0.0005	-0.1408		-0.0021	-0.5458		-0.0051	-0.9886		0.8881	1.0692	0.5852	0.3228	
Intercept	0.0449	1.1226		-0.2576	-8.6112	***	-0.2072	-5.3280	***	0.2624	-	0.0000	0.0000	
Nagelkerke R^2	0.2932			-			-							
Number of Obs.	1270			701			569							

Appendix 238: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA+* and *DA-* on FT_{Short} and FT_{Long}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short}	0.0008	0.2471		0.0017	0.5787		0.0009	0.2274		0.8050	1.1476	0.5628	0.8201
FT_{Long}	-0.0006	-0.1443		-0.0068	-1.5888		-0.0043	-0.7667		0.8853	1.3062	0.1121	0.4433
Audit Firm-Specific Variables													
Big4	0.0051	1.1594		0.0053	1.4148		-0.0039	-0.7219		0.2470	2.0014	0.1571	0.4704
IndExp	0.0032	0.4849		0.0133	2.3823	**	-0.0038	-0.4886		0.6281	1.6447	0.0172	0.6251
Office	-0.0005	-0.6239		0.0000	0.0655		0.0006	0.6530		0.5331	2.2815	0.9477	0.5138
Client-Specific Variables													
Age	-0.0007	-0.4492		-0.0021	-1.5271		-0.0018	-1.0450		0.6536	1.3788	0.1267	0.2960
Size	0.0014	1.0502		0.0006	0.5503		0.0000	0.0291		0.2943	2.7643	0.5821	0.9768
OCF	0.0431	1.5349		-0.2271	-13.2075	***	-0.1797	-9.3930	***	0.1257	1.7407	0.0000	0.0000
Lev	-0.0999	-2.4917	**	0.3466	13.2398	***	0.2857	10.9761	***	0.0132	7.3701	0.0000	0.0000
pBank	0.0171	3.0064	***	-0.0604	-14.7746	***	-0.0501	-12.7017	***	0.0028	8.9579	0.0000	0.0000
Growth	-0.0027	-0.4689		-0.0017	-0.3418		-0.0028	-0.4079		0.6394	1.1931	0.7325	0.6834
MB	-0.0017	-1.7868	*	-0.0015	-2.1290	**	0.0005	0.5848		0.0748	1.2243	0.0333	0.5587
AbsTA	0.1806	4.4492	***	0.1912	10.7305	***	-0.0840	-3.0422	***	0.0000	1.6084	0.0000	0.0023
AC	-0.0089	-2.4652	**	-0.0038	-1.1158		0.0096	2.2889	**	0.0142	1.6093	0.2645	0.0221
Lag	0.0142	3.0911	***	0.0064	1.5341		-0.0096	-1.6345		0.0021	1.3921	0.1250	0.1021
Busy	-0.0005	-0.1347		-0.0020	-0.5412		-0.0051	-0.9799		0.8929	1.0696	0.5883	0.3271
Intercept	0.0444	1.0924		-0.2584	-8.6301	***	-0.2081	-5.3258	***	0.2754	-	0.0000	0.0000
Nagelkerke R^2	0.2927			-			-						
Number of Obs.	1270			701			569						

Appendix 239: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short2}

	|DA|		DA+		DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short2}	0.0040	1.1045		0.0018	0.5568		-0.0066	-1.5171		0.2701	1.0563	0.5777	0.1292
Audit Firm-Specific Variables													
Big4	0.0049	1.1025		0.0055	1.4647		-0.0026	-0.4804		0.2710	1.9952	0.1430	0.6309
IndExp	0.0034	0.5179		0.0129	2.3207	**	-0.0048	-0.6218		0.6049	1.6440	0.0203	0.5341
Office	-0.0005	-0.5972		0.0000	0.0313		0.0005	0.5600		0.5507	2.2719	0.9750	0.5755
Client-Specific Variables													
Age	-0.0007	-0.4478		-0.0023	-1.7020	*	-0.0021	-1.2045		0.6545	1.3617	0.0888	0.2284
Size	0.0015	1.1139		0.0002	0.1864		-0.0004	-0.3158		0.2660	2.6491	0.8521	0.7522
OCF	0.0434	1.5482		-0.2271	-13.1747	***	-0.1810	-9.4728	***	0.1225	1.7412	0.0000	0.0000
Lev	-0.0996	-2.4947	**	0.3471	13.2360	***	0.2848	10.9568	***	0.0131	7.3575	0.0000	0.0000
pBank	0.0171	3.0193	***	-0.0605	-14.7726	***	-0.0500	-12.7080	***	0.0027	8.9455	0.0000	0.0000
Growth	-0.0029	-0.5080		-0.0016	-0.3195		-0.0031	-0.4606		0.6118	1.1948	0.7493	0.6451
MB	-0.0017	-1.8121	*	-0.0015	-2.1245	**	0.0006	0.6639		0.0708	1.2246	0.0336	0.5068
AbsTA	0.1809	4.4688	***	0.1913	10.7193	***	-0.0858	-3.1187	***	0.0000	1.6075	0.0000	0.0018
AC	-0.0089	-2.4676	**	-0.0042	-1.2469		0.0097	2.3305	**	0.0141	1.5959	0.2124	0.0198
Lag	0.0142	3.0748	***	0.0060	1.4418		-0.0095	-1.6295		0.0023	1.3871	0.1493	0.1032
Busy	-0.0005	-0.1335		-0.0022	-0.5763		-0.0058	-1.1130		0.8939	1.0683	0.5644	0.2657
Intercept	0.0432	1.0706		-0.2528	-8.4708	***	-0.1996	-5.1207	***	0.2851	-	0.0000	0.0000
Adj. R^2	0.2942			-			-						
Number of Obs.	1270			701			569						

Appendix 240: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long7}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long7}	-0.0012	-0.3874		-0.0036	-1.2976		-0.0007	-0.1819		0.6987	1.1832	0.1944	0.8557
Audit Firm-Specific Variables													
Big4	0.0051	1.1429		0.0052	1.3866		-0.0035	-0.6520		0.2538	2.0112	0.1656	0.5144
IndExp	0.0032	0.4821		0.0131	2.3497	**	-0.0039	-0.5037		0.6300	1.6422	0.0188	0.6145
Office	-0.0005	-0.5965		0.0001	0.1631		0.0006	0.6719		0.5512	2.2944	0.8705	0.5016
Client-Specific Variables													
Age	-0.0006	-0.4021		-0.0020	-1.4515		-0.0020	-1.1038		0.6879	1.4089	0.1466	0.2697
Size	0.0014	1.0631		0.0003	0.2588		-0.0002	-0.1400		0.2884	2.6577	0.7958	0.8886
OCF	0.0433	1.5508		-0.2269	-13.1767	***	-0.1799	-9.3788	***	0.1218	1.7439	0.0000	0.0000
Lev	-0.1000	-2.5100	**	0.3475	13.2631	***	0.2858	10.9794	***	0.0125	7.3593	0.0000	0.0000
pBank	0.0171	3.0376	***	-0.0604	-14.7665	***	-0.0501	-12.6971	***	0.0026	8.9558	0.0000	0.0000
Growth	-0.0026	-0.4633		-0.0017	-0.3296		-0.0029	-0.4251		0.6434	1.1926	0.7417	0.6708
MB	-0.0017	-1.7865	*	-0.0014	-2.0684	**	0.0005	0.6081		0.0749	1.2234	0.0386	0.5431
AbsTA	0.1807	4.4498	***	0.1919	10.7630	***	-0.0850	-3.0748	***	0.0000	1.6084	0.0000	0.0021
AC	-0.0089	-2.4632	**	-0.0041	-1.2126		0.0095	2.2756	**	0.0142	1.5961	0.2253	0.0229
Lag	0.0142	3.0851	***	0.0061	1.4622		-0.0096	-1.6310		0.0022	1.3903	0.1437	0.1029
Busy	-0.0005	-0.1370		-0.0019	-0.5049		-0.0054	-1.0312		0.8911	1.0688	0.6137	0.3025
Intercept	0.0452	1.1309		-0.2543	-8.5220	***	-0.2055	-5.2874	***	0.2589	-	0.0000	0.0000
Adj. R^2	0.2933			-			-						
Number of Obs.	1270			701			569						

Appendix 241: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long8}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long8}	0.0001	0.0192		-0.0018	-0.6120		-0.0009	-0.2379		0.9847	1.2217	0.5405	0.8120
Audit Firm-Specific Variables													
Big4	0.0053	1.1905		0.0054	1.4583		-0.0036	-0.6614		0.2346	2.0076	0.1447	0.5084
IndExp	0.0031	0.4702		0.0130	2.3301	**	-0.0039	-0.5016		0.6385	1.6418	0.0198	0.6160
Office	-0.0005	-0.6397		0.0001	0.0969		0.0006	0.6787		0.5227	2.2967	0.9228	0.4973
Client-Specific Variables													
Age	-0.0007	-0.4842		-0.0022	-1.5998		-0.0019	-1.0811		0.6285	1.4100	0.1096	0.2796
Size	0.0014	1.0229		0.0002	0.2045		-0.0002	-0.1314		0.3070	2.6701	0.8380	0.8955
OCF	0.0430	1.5416		-0.2268	-13.1496	***	-0.1797	-9.3483	***	0.1240	1.7481	0.0000	0.0000
Lev	-0.0998	-2.5080	**	0.3469	13.2222	***	0.2856	10.9607	***	0.0126	7.3759	0.0000	0.0000
pBank	0.0171	3.0274	***	-0.0604	-14.7372	***	-0.0500	-12.6758	***	0.0026	8.9817	0.0000	0.0000
Growth	-0.0027	-0.4639		-0.0014	-0.2866		-0.0029	-0.4307		0.6430	1.1926	0.7744	0.6667
MB	-0.0017	-1.7856	*	-0.0014	-2.0759	**	0.0005	0.6078		0.0750	1.2235	0.0379	0.5433
AbsTA	0.1804	4.4575	***	0.1909	10.7109	***	-0.0850	-3.0778	***	0.0000	1.6071	0.0000	0.0021
AC	-0.0089	-2.4688	**	-0.0041	-1.2091		0.0095	2.2783	**	0.0140	1.5985	0.2266	0.0227
Lag	0.0143	3.1041	***	0.0062	1.4763		-0.0096	-1.6339		0.0021	1.3876	0.1399	0.1023
Busy	-0.0005	-0.1485		-0.0021	-0.5410		-0.0053	-1.0300		0.8820	1.0687	0.5885	0.3030
Intercept	0.0454	1.1333		-0.2534	-8.4833	***	-0.2056	-5.2902	***	0.2579	-	0.0000	0.0000
Adj. R^2	0.2932			-			-						
Number of Obs.	1270			701			569						

Appendix 242: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long9}

	|DA|		DA+		DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long9}	0.0004	0.1330		-0.0046	-1.4696		-0.0063	-1.4757		0.8943	1.2502	0.1417	0.1400
Audit Firm-Specific Variables													
Big4	0.0053	1.2011		0.0053	1.4228		-0.0045	-0.8363		0.2305	2.0015	0.1548	0.4030
IndExp	0.0031	0.4666		0.0133	2.3777	**	-0.0038	-0.4943		0.6410	1.6422	0.0174	0.6211
Office	-0.0005	-0.6485		0.0001	0.1619		0.0007	0.7405		0.5171	2.2836	0.8714	0.4590
Client-Specific Variables													
Age	-0.0007	-0.5078		-0.0020	-1.5175		-0.0016	-0.8763		0.6119	1.3906	0.1291	0.3809
Size	0.0013	0.9995		0.0004	0.3772		0.0002	0.1279		0.3182	2.7154	0.7060	0.8982
OCF	0.0429	1.5372		-0.2269	-13.1794	***	-0.1785	-9.3268	***	0.1251	1.7429	0.0000	0.0000
Lev	-0.0998	-2.5036	**	0.3471	13.2520	***	0.2857	10.9965	***	0.0127	7.3588	0.0000	0.0000
pBank	0.0171	3.0222	***	-0.0604	-14.7764	***	-0.0501	-12.7323	***	0.0027	8.9480	0.0000	0.0000
Growth	-0.0026	-0.4580		-0.0019	-0.3842		-0.0029	-0.4281		0.6472	1.1939	0.7008	0.6686
MB	-0.0017	-1.7861	*	-0.0014	-2.0490	**	0.0005	0.5763		0.0749	1.2235	0.0405	0.5644
AbsTA	0.1804	4.4548	***	0.1913	10.7464	***	-0.0831	-3.0147	***	0.0000	1.6073	0.0000	0.0026
AC	-0.0089	-2.4624	**	-0.0040	-1.1705		0.0099	2.3686	**	0.0143	1.6015	0.2418	0.0179
Lag	0.0143	3.1001	***	0.0064	1.5241		-0.0096	-1.6405		0.0021	1.3863	0.1275	0.1009
Busy	-0.0005	-0.1533		-0.0019	-0.5069		-0.0051	-0.9919		0.8783	1.0699	0.6123	0.3213
Intercept	0.0457	1.1349		-0.2568	-8.5761	***	-0.2103	-5.4021	***	0.2572	-	0.0000	0.0000
Adj. R^2	0.2932			-			-						
Number of Obs.	1270			701			569						

Appendix 243: Discretionay Accruals Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long10}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long10}	-0.0017	-0.4991		-0.0039	-1.1095		-0.0018	-0.3890		0.6180	1.2540	0.2672	0.6972
Audit Firm-Specific Variables													
Big4	0.0051	1.1504		0.0055	1.4734		-0.0036	-0.6793		0.2507	1.9940	0.1406	0.4970
IndExp	0.0032	0.4821		0.0132	2.3724	**	-0.0039	-0.5060		0.6300	1.6424	0.0177	0.6129
Office	-0.0005	-0.6236		0.0001	0.0925		0.0006	0.6626		0.5333	2.2718	0.9263	0.5076
Client-Specific Variables													
Age	-0.0006	-0.4428		-0.0021	-1.5990		-0.0019	-1.1074		0.6582	1.3771	0.1098	0.2681
Size	0.0015	1.0805		0.0004	0.3466		-0.0001	-0.0779		0.2807	2.7380	0.7289	0.9379
OCF	0.0432	1.5375		-0.2269	-13.1713	***	-0.1798	-9.3916	***	0.1250	1.7412	0.0000	0.0000
Lev	-0.1002	-2.5083	**	0.3462	13.2002	***	0.2859	10.9830	***	0.0126	7.3646	0.0000	0.0000
pBank	0.0171	3.0231	***	-0.0603	-14.7317	***	-0.0501	-12.7027	***	0.0027	8.9541	0.0000	0.0000
Growth	-0.0027	-0.4738		-0.0017	-0.3311		-0.0030	-0.4393		0.6359	1.1936	0.7405	0.6605
MB	-0.0017	-1.7866	*	-0.0014	-2.0478	**	0.0005	0.5930		0.0748	1.2235	0.0406	0.5532
AbsTA	0.1805	4.4643	***	0.1904	10.6890	***	-0.0848	-3.0728	***	0.0000	1.6068	0.0000	0.0021
AC	-0.0088	-2.4242	**	-0.0039	-1.1543		0.0096	2.2916	**	0.0158	1.6036	0.2484	0.0219
Lag	0.0143	3.1196	***	0.0064	1.5229		-0.0095	-1.6236		0.0020	1.3868	0.1278	0.1045
Busy	-0.0004	-0.1258		-0.0020	-0.5353		-0.0052	-1.0086		0.9000	1.0700	0.5925	0.3132
Intercept	0.0443	1.1044		-0.2552	-8.5305	***	-0.2065	-5.3023	***	0.2701	-	0.0000	0.0000
Adj. R^2	0.2934			-			-						
Number of Obs.	1270			701			569						

Appendix 244: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on *FT* (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT	0.0003	0.6760		-0.0005	-1.4561		-0.0005	-1.1191		0.4995	1.2841	0.1454	0.2631
Audit Firm-Specific Variables													
Big4	0.0052	1.3960		0.0058	1.6394		-0.0008	-0.1674		0.1636	2.0461	0.1011	0.8670
IndExp	0.0035	0.5545		0.0113	2.0959	**	0.0006	0.0864		0.5796	1.6903	0.0361	0.9311
Office	-0.0005	-0.6801		-0.0004	-0.5578		-0.0007	-0.7728		0.4969	2.2817	0.5770	0.4396
Client-Specific Variables													
Age	0.0001	0.1119		-0.0011	-0.8545		-0.0015	-0.9509		0.9110	1.4239	0.3928	0.3416
Size	-0.0010	-0.8202		0.0011	0.9986		0.0012	1.1114		0.4127	2.7756	0.3180	0.2664
OCF	-0.0170	-0.5845		-0.2061	-11.9168	***	-0.1782	-9.6239	***	0.5593	1.5278	0.0000	0.0000
Lev	0.0093	0.2289		0.2829	10.6146	***	0.3104	10.3998	***	0.8191	15.2799	0.0000	0.0000
pBank	-0.0018	-0.2639		-0.0503	-12.0688	***	-0.0525	-11.5222	***	0.7920	16.5790	0.0000	0.0000
Growth	0.0050	1.0923		-0.0053	-1.0724		-0.0050	-0.8185		0.2755	1.1977	0.2836	0.4131
MB	-0.0005	-0.5647		-0.0005	-0.7023		0.0003	0.4078		0.5727	1.2287	0.4825	0.6835
AbsTA	0.0648	1.9417	*	0.1262	6.3268	***	0.0119	0.4281		0.0530	1.3664	0.0000	0.6686
AC	-0.0051	-1.6929	*	-0.0052	-1.5498		0.0080	2.1227	**	0.0914	1.6146	0.1212	0.0338
Lag	0.0077	1.8193	*	0.0061	1.4446		-0.0052	-0.9428		0.0697	1.3913	0.1486	0.3458
Busy	-0.0012	-0.3824		-0.0019	-0.5116		-0.0048	-1.0435		0.7024	1.0705	0.6089	0.2967
Intercept	0.0144	0.3415		-0.2070	-6.8482	***	-0.2334	-6.3491	***	0.7329	-	0.0000	0.0000
Adj. R^2	0.1417			-			-						
Number of Obs.	1080			656			538						

Appendix 245: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short}	-0.0003	-0.1001		0.0026	0.9652		0.0014	0.3986		0.9204	1.1009	0.3344	0.6902
Audit Firm-Specific Variables													
Big4	0.0049	1.3324		0.0060	1.6761	*	0.0001	0.0123		0.1836	2.0290	0.0937	0.9902
IndExp	0.0037	0.5899		0.0111	2.0646	**	0.0004	0.0506		0.5557	1.6893	0.0390	0.9597
Office	-0.0005	-0.6269		-0.0005	-0.6438		-0.0007	-0.8593		0.5311	2.2728	0.5197	0.3902
Client-Specific Variables													
Age	0.0002	0.2132		-0.0013	-0.9699		-0.0018	-1.1199		0.8313	1.4050	0.3321	0.2628
Size	-0.0008	-0.7438		0.0009	0.8445		0.0011	0.9584		0.4575	2.7046	0.3984	0.3379
OCF	-0.0167	-0.5682		-0.2065	-11.9340	***	-0.1791	-9.6671	***	0.5703	1.5269	0.0000	0.0000
Lev	0.0094	0.2299		0.2837	10.6367	***	0.3091	10.3414	***	0.8183	15.2878	0.0000	0.0000
pBank	-0.0018	-0.2636		-0.0505	-12.1108	***	-0.0523	-11.4619	***	0.7923	16.5855	0.0000	0.0000
Growth	0.0049	1.0773		-0.0051	-1.0288		-0.0052	-0.8364		0.2821	1.1975	0.3036	0.4029
MB	-0.0005	-0.5776		-0.0005	-0.7403		0.0004	0.4504		0.5639	1.2284	0.4591	0.6524
AbsTA	0.0649	1.9345	*	0.1264	6.3305	***	0.0096	0.3487		0.0539	1.3667	0.0000	0.7273
AC	-0.0050	-1.6924	*	-0.0055	-1.6306		0.0079	2.1018	**	0.0915	1.6141	0.1030	0.0356
Lag	0.0076	1.7792	*	0.0060	1.4120		-0.0048	-0.8783		0.0761	1.3897	0.1580	0.3798
Busy	-0.0011	-0.3532		-0.0020	-0.5350		-0.0048	-1.0449		0.7242	1.0699	0.5927	0.2961
Intercept	0.0145	0.3407		-0.2084	-6.8792	***	-0.2342	-6.3096	***	0.7335	-	0.0000	0.0000
Nagelkerke R^2	0.1412			-			-						
Number of Obs.	1080			656			538						

Appendix 246: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long}	0.0024	0.6442		-0.0081	-1.9827	**	-0.0072	-1.4503		0.5199	1.2881	0.0474	0.1470
Audit Firm-Specific Variables													
Big4	0.0050	1.3740		0.0060	1.6844	*	-0.0005	-0.1080		0.1704	2.0279	0.0921	0.9140
IndExp	0.0036	0.5722		0.0111	2.0722	**	0.0006	0.0854		0.5676	1.6854	0.0382	0.9320
Office	-0.0005	-0.6296		-0.0005	-0.6624		-0.0008	-0.9029		0.5294	2.2589	0.5077	0.3666
Client-Specific Variables													
Age	0.0002	0.1838		-0.0012	-0.9338		-0.0016	-1.0324		0.8543	1.3977	0.3504	0.3019
Size	-0.0010	-0.8375		0.0012	1.1395		0.0013	1.1994		0.4029	2.8118	0.2545	0.2304
OCF	-0.0167	-0.5692		-0.2067	-11.9701	***	-0.1794	-9.7010	***	0.5696	1.5269	0.0000	0.0000
Lev	0.0094	0.2323		0.2832	10.6413	***	0.3105	10.4178	***	0.8165	15.2792	0.0000	0.0000
pBank	-0.0018	-0.2646		-0.0504	-12.1205	***	-0.0526	-11.5494	***	0.7915	16.5790	0.0000	0.0000
Growth	0.0050	1.0857		-0.0051	-1.0336		-0.0053	-0.8548		0.2784	1.1976	0.3013	0.3927
MB	-0.0005	-0.5704		-0.0005	-0.7251		0.0003	0.4089		0.5688	1.2282	0.4684	0.6826
AbsTA	0.0645	1.9251	*	0.1254	6.2951	***	0.0125	0.4510		0.0550	1.3675	0.0000	0.6520
AC	-0.0052	-1.7237	*	-0.0047	-1.3956		0.0082	2.1893	**	0.0857	1.6230	0.1628	0.0286
Lag	0.0077	1.8051	*	0.0065	1.5286		-0.0052	-0.9470		0.0719	1.3893	0.1264	0.3436
Busy	-0.0012	-0.3820		-0.0019	-0.5122		-0.0046	-0.9981		0.7027	1.0710	0.6085	0.3182
Intercept	0.0151	0.3578		-0.2116	-6.9878	***	-0.2353	-6.3965	***	0.7207	-	0.0000	0.0000
Nagelkerke R^2	0.1416			-			-						
Number of Obs.	1080			656			538						

Appendix 247: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short2} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short2}	-0.0012	-0.4447		-0.0001	-0.0415		-0.0040	-1.0159		0.6568	1.0637	0.9669	0.3097
Audit Firm-Specific Variables													
Big4	0.0049	1.3502		0.0062	1.7444	*	0.0009	0.1876		0.1778	2.0227	0.0811	0.8512
IndExp	0.0036	0.5781		0.0110	2.0363	**	-0.0003	-0.0368		0.5636	1.6879	0.0417	0.9707
Office	-0.0005	-0.6363		-0.0005	-0.6867		-0.0009	-1.0047		0.5250	2.2643	0.4923	0.3150
Client-Specific Variables													
Age	0.0002	0.2146		-0.0014	-1.0829		-0.0018	-1.1776		0.8302	1.3929	0.2788	0.2390
Size	-0.0009	-0.7670		0.0008	0.7366		0.0009	0.8452		0.4436	2.7014	0.4613	0.3980
OCF	-0.0168	-0.5720		-0.2064	-11.9161	***	-0.1800	-9.7156	***	0.5677	1.5270	0.0000	0.0000
Lev	0.0090	0.2194		0.2838	10.6331	***	0.3064	10.2659	***	0.8264	15.3102	0.0000	0.0000
pBank	-0.0017	-0.2546		-0.0506	-12.1198	***	-0.0520	-11.4176	***	0.7992	16.6054	0.0000	0.0000
Growth	0.0050	1.0903		-0.0048	-0.9671		-0.0054	-0.8721		0.2764	1.1982	0.3335	0.3832
MB	-0.0005	-0.5604		-0.0005	-0.7174		0.0004	0.5042		0.5756	1.2318	0.4732	0.6141
AbsTA	0.0649	1.9356	*	0.1259	6.2987	***	0.0092	0.3346		0.0538	1.3664	0.0000	0.7379
AC	-0.0050	-1.6863	*	-0.0053	-1.5839		0.0080	2.1417	**	0.0927	1.6131	0.1132	0.0322
Lag	0.0076	1.7803	*	0.0063	1.4731		-0.0050	-0.9052		0.0759	1.3871	0.1407	0.3653
Busy	-0.0011	-0.3512		-0.0020	-0.5450		-0.0051	-1.1018		0.7257	1.0686	0.5857	0.2706
Intercept	0.0153	0.3598		-0.2069	-6.8338	***	-0.2273	-6.1304	***	0.7192	-	0.0000	0.0000
Adj. R^2	0.1414			-			-						
Number of Obs.	1080			656			538						

Appendix 248: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long7} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long7}	0.0019	0.7051		-0.0039	-1.4337		-0.0055	-1.5922		0.4813	1.1964	0.1517	0.1113
Audit Firm-Specific Variables													
Big4	0.0052	1.3915		0.0058	1.6330		-0.0010	-0.2119		0.1650	2.0423	0.1025	0.8322
IndExp	0.0036	0.5723		0.0112	2.0849	**	0.0005	0.0761		0.5675	1.6852	0.0371	0.9393
Office	-0.0005	-0.6790		-0.0004	-0.5212		-0.0007	-0.7570		0.4976	2.2798	0.6022	0.4491
Client-Specific Variables													
Age	0.0001	0.0827		-0.0011	-0.8014		-0.0013	-0.8425		0.9342	1.4374	0.4229	0.3995
Size	-0.0009	-0.7992		0.0009	0.8782		0.0012	1.1214		0.4247	2.7195	0.3798	0.2621
OCF	-0.0172	-0.5947		-0.2061	-11.9167	***	-0.1768	-9.5334	***	0.5524	1.5300	0.0000	0.0000
Lev	0.0098	0.2412		0.2831	10.6244	***	0.3092	10.3917	***	0.8095	15.2836	0.0000	0.0000
pBank	-0.0019	-0.2792		-0.0503	-12.0657	***	-0.0522	-11.5079	***	0.7803	16.5919	0.0000	0.0000
Growth	0.0049	1.0699		-0.0050	-1.0187		-0.0047	-0.7571		0.2854	1.1974	0.3083	0.4490
MB	-0.0005	-0.5688		-0.0005	-0.6954		0.0003	0.4192		0.5699	1.2283	0.4868	0.6751
AbsTA	0.0650	1.9523	*	0.1260	6.3198	***	0.0126	0.4564		0.0517	1.3665	0.0000	0.6481
AC	-0.0051	-1.6894	*	-0.0053	-1.5718		0.0079	2.1177	**	0.0921	1.6134	0.1160	0.0342
Lag	0.0077	1.8216	*	0.0062	1.4571		-0.0057	-1.0258		0.0694	1.3912	0.1451	0.3050
Busy	-0.0011	-0.3724		-0.0018	-0.4929		-0.0050	-1.0893		0.7098	1.0695	0.6221	0.2760
Intercept	0.0143	0.3411		-0.2082	-6.8855	***	-0.2322	-6.3261	***	0.7332	-	0.0000	0.0000
Adj. R^2	0.1418			-			-						
Number of Obs.	1080			656			538						

Appendix 249: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long8} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long8}	0.0025	0.9454		-0.0022	-0.7575		-0.0055	-1.5277		0.3451	1.2474	0.4488	0.1266
Audit Firm-Specific Variables													
Big4	0.0052	1.4160		0.0060	1.6916	*	-0.0011	-0.2159		0.1577	2.0406	0.0907	0.8290
IndExp	0.0035	0.5652		0.0110	2.0526	**	0.0006	0.0897		0.5723	1.6851	0.0401	0.9285
Office	-0.0005	-0.7040		-0.0004	-0.5906		-0.0006	-0.7456		0.4819	2.2854	0.5548	0.4559
Client-Specific Variables													
Age	0.0001	0.0474		-0.0013	-0.9462		-0.0013	-0.8126		0.9622	1.4372	0.3441	0.4164
Size	-0.0009	-0.8308		0.0009	0.8199		0.0012	1.1240		0.4067	2.7316	0.4123	0.2610
OCF	-0.0174	-0.6024		-0.2058	-11.8793	***	-0.1769	-9.5366	***	0.5473	1.5308	0.0000	0.0000
Lev	0.0100	0.2462		0.2829	10.5973	***	0.3086	10.3711	***	0.8057	15.2859	0.0000	0.0000
pBank	-0.0019	-0.2816		-0.0504	-12.0547	***	-0.0522	-11.4928	***	0.7785	16.5900	0.0000	0.0000
Growth	0.0049	1.0832		-0.0048	-0.9856		-0.0051	-0.8348		0.2795	1.1972	0.3243	0.4038
MB	-0.0005	-0.5730		-0.0005	-0.6862		0.0003	0.4326		0.5670	1.2281	0.4926	0.6653
AbsTA	0.0648	1.9449	*	0.1256	6.2921	***	0.0130	0.4700		0.0526	1.3664	0.0000	0.6384
AC	-0.0052	-1.7203	*	-0.0052	-1.5376		0.0081	2.1534	**	0.0863	1.6178	0.1241	0.0313
Lag	0.0077	1.8241	*	0.0063	1.4702		-0.0055	-1.0018		0.0690	1.3894	0.1415	0.3164
Busy	-0.0011	-0.3759		-0.0019	-0.5243		-0.0050	-1.0774		0.7072	1.0693	0.6001	0.2813
Intercept	0.0150	0.3566		-0.2076	-6.8581	***	-0.2333	-6.3529	***	0.7216	-	0.0000	0.0000
Adj. R^2	0.1421			-			-						
Number of Obs.	1080			656			538						

Appendix 250: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long9} (*Less Highest and Lowest Decile of RoA*)

	|DA|		DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variable														
FT_{Long9}	0.0026	0.8655		-0.0051	-1.6575	*	-0.0076	-1.9818	**	0.3874	1.2909	0.0974	0.0475	
Audit Firm-Specific Variables														
Big4	0.0052	1.4018		0.0059	1.6622	*	-0.0013	-0.2688		0.1619	2.0355	0.0965	0.7881	
IndExp	0.0035	0.5510		0.0113	2.1096	**	0.0007	0.0971		0.5820	1.6884	0.0349	0.9226	
Office	-0.0005	-0.6832		-0.0004	-0.5264		-0.0007	-0.7615		0.4950	2.2779	0.5986	0.4463	
Client-Specific Variables														
Age	0.0001	0.0971		-0.0012	-0.8785		-0.0013	-0.8095		0.9227	1.4177	0.3797	0.4182	
Size	-0.0010	-0.8449		0.0011	1.0126		0.0014	1.2697		0.3987	2.7655	0.3112	0.2042	
OCF	-0.0172	-0.5969		-0.2057	-11.8987	***	-0.1779	-9.6356	***	0.5510	1.5292	0.0000	0.0000	
Lev	0.0095	0.2334		0.2830	10.6250	***	0.3117	10.4729	***	0.8156	15.2792	0.0000	0.0000	
pBank	-0.0018	-0.2676		-0.0504	-12.0871	***	-0.0527	-11.6056	***	0.7891	16.5788	0.0000	0.0000	
Growth	0.0051	1.1172		-0.0054	-1.1022		-0.0054	-0.8723		0.2647	1.1992	0.2704	0.3830	
MB	-0.0005	-0.5861		-0.0004	-0.6202		0.0003	0.4144		0.5582	1.2282	0.5352	0.6786	
AbsTA	0.0649	1.9457	*	0.1258	6.3106	***	0.0133	0.4818		0.0525	1.3664	0.0000	0.6300	
AC	-0.0052	-1.7241	*	-0.0051	-1.5122		0.0086	2.2907	**	0.0856	1.6209	0.1305	0.0220	
Lag	0.0077	1.8035	*	0.0065	1.5190		-0.0053	-0.9635		0.0722	1.3879	0.1288	0.3353	
Busy	-0.0012	-0.3994		-0.0018	-0.4856		-0.0047	-1.0207		0.6898	1.0713	0.6273	0.3074	
Intercept	0.0159	0.3765		-0.2110	-6.9613	***	-0.2384	-6.4810	***	0.7067	-	0.0000	0.0000	
Adj. R^2	0.1420			-			-							
Number of Obs.	1080			656			538							

Appendix 251: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long10} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long10}	0.0026	0.7898		-0.0034	-0.9794		-0.0045	-1.0483		0.4302	1.2919	0.3274	0.2945
Audit Firm-Specific Variables													
Big4	0.0051	1.3936		0.0061	1.7169	*	-0.0005	-0.1039		0.1644	2.0332	0.0860	0.9172
IndExp	0.0035	0.5582		0.0112	2.0843	**	0.0005	0.0657		0.5771	1.6871	0.0371	0.9476
Office	-0.0005	-0.6585		-0.0004	-0.6164		-0.0007	-0.8645		0.5107	2.2662	0.5377	0.3873
Client-Specific Variables													
Age	0.0002	0.1419		-0.0013	-0.9783		-0.0016	-1.0458		0.8872	1.4054	0.3279	0.2957
Size	-0.0010	-0.8473		0.0010	0.9083		0.0013	1.1159		0.3974	2.7822	0.3637	0.2645
OCF	-0.0168	-0.5777		-0.2062	-11.9143	***	-0.1790	-9.6707	***	0.5638	1.5271	0.0000	0.0000
Lev	0.0094	0.2315		0.2832	10.6151	***	0.3102	10.3925	***	0.8170	15.2793	0.0000	0.0000
pBank	-0.0018	-0.2640		-0.0504	-12.0903	***	-0.0525	-11.5157	***	0.7919	16.5791	0.0000	0.0000
Growth	0.0051	1.1080		-0.0051	-1.0301		-0.0055	-0.8865		0.2686	1.2000	0.3030	0.3753
MB	-0.0005	-0.5750		-0.0005	-0.6691		0.0003	0.3955		0.5657	1.2281	0.5034	0.6925
AbsTA	0.0645	1.9274	*	0.1256	6.2940	***	0.0115	0.4152		0.0548	1.3669	0.0000	0.6780
AC	-0.0052	-1.7293	*	-0.0051	-1.4964		0.0081	2.1696	**	0.0847	1.6234	0.1346	0.0300
Lag	0.0077	1.8092	*	0.0064	1.4995		-0.0051	-0.9187		0.0713	1.3889	0.1337	0.3583
Busy	-0.0012	-0.4038		-0.0019	-0.5196		-0.0047	-1.0077		0.6866	1.0724	0.6034	0.3136
Intercept	0.0155	0.3661		-0.2091	-6.8933	***	-0.2351	-6.3786	***	0.7146	-	0.0000	0.0000
Adj. R^2	0.1419			-			-						
Number of Obs.	1080			656			538						

Appendix 252: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on *FT* (*Less Freq*$_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT	-0.0001	-0.1727		-0.0007	-1.7068	*	-0.0004	-0.6878		0.8630	1.2531	0.0879	0.4916
Audit Firm-Specific Variables													
Big4	0.0055	1.1605		0.0049	1.2935		-0.0044	-0.7230		0.2467	2.0465	0.1958	0.4697
IndExp	0.0014	0.2051		0.0117	2.0184	**	-0.0043	-0.5162		0.8376	1.6617	0.0435	0.6057
Office	-0.0006	-0.6826		0.0003	0.4030		0.0007	0.6993		0.4954	2.3343	0.6870	0.4844
Client-Specific Variables													
Age	-0.0003	-0.1590		-0.0013	-0.8950		-0.0015	-0.7767		0.8738	1.4167	0.3708	0.4373
Size	0.0011	0.7810		-0.0002	-0.1508		-0.0001	-0.0866		0.4354	2.6635	0.8802	0.9310
OCF	0.0370	1.2411		-0.2298	-12.5272	***	-0.1780	-8.7417	***	0.2155	1.7618	0.0000	0.0000
Lev	-0.1132	-2.8112	***	0.3525	12.0264	***	0.2880	10.4840	***	0.0052	7.3226	0.0000	0.0000
pBank	0.0193	3.4534	***	-0.0595	-13.0118	***	-0.0501	-11.9375	***	0.0006	8.8485	0.0000	0.0000
Growth	0.0027	0.4246		0.0048	0.8349		-0.0024	-0.3191		0.6714	1.1963	0.4038	0.7497
MB	-0.0016	-1.5785		-0.0015	-1.9797	**	0.0006	0.6912		0.1154	1.2663	0.0477	0.4894
AbsTA	0.1794	4.2888	***	0.1858	9.3097	***	-0.0869	-2.9315	***	0.0000	1.6132	0.0000	0.0034
AC	-0.0081	-2.0876	**	-0.0021	-0.6063		0.0092	1.9810	**	0.0376	1.5964	0.5443	0.0476
Lag	0.0150	2.8023	***	0.0073	1.6616	*	-0.0089	-1.2813		0.0054	1.3807	0.0966	0.2001
Busy	0.0009	0.2555		-0.0010	-0.2598		-0.0076	-1.2822		0.7985	1.0947	0.7950	0.1998
Intercept	0.0564	1.3441		-0.2539	-8.0366	***	-0.2086	-4.6501	***	0.1799	-	0.0000	0.0000
Adj. R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 253: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short}	-0.0009	-0.2615		0.0033	1.0823		0.0048	1.0611		0.7939	1.0758	0.2791	0.2886
Audit Firm-Specific Variables													
Big4	0.0058	1.2165		0.0051	1.3371		-0.0044	-0.7283		0.2247	2.0302	0.1812	0.4664
IndExp	0.0013	0.1898		0.0113	1.9550	*	-0.0043	-0.5134		0.8496	1.6614	0.0506	0.6076
Office	-0.0006	-0.7305		0.0002	0.2744		0.0008	0.7321		0.4656	2.3197	0.7838	0.4641
Client-Specific Variables													
Age	-0.0003	-0.1979		-0.0015	-1.0628		-0.0017	-0.8473		0.8433	1.3954	0.2879	0.3968
Size	0.0010	0.7552		-0.0004	-0.3663		-0.0002	-0.1247		0.4507	2.5969	0.7141	0.9008
OCF	0.0369	1.2373		-0.2297	-12.5034	***	-0.1787	-8.7888	***	0.2169	1.7610	0.0000	0.0000
Lev	-0.1131	-2.8102	***	0.3534	12.0367	***	0.2886	10.5117	***	0.0053	7.3166	0.0000	0.0000
pBank	0.0193	3.4512	***	-0.0597	-13.0264	***	-0.0502	-11.9623	***	0.0006	8.8392	0.0000	0.0000
Growth	0.0028	0.4307		0.0052	0.8998		-0.0024	-0.3138		0.6670	1.1963	0.3682	0.7537
MB	-0.0016	-1.5729		-0.0015	-2.0043	**	0.0007	0.7177		0.1167	1.2662	0.0450	0.4729
AbsTA	0.1793	4.2973	***	0.1857	9.2865	***	-0.0874	-2.9551	***	0.0000	1.6130	0.0000	0.0031
AC	-0.0081	-2.0913	**	-0.0026	-0.7324		0.0089	1.9340	*	0.0373	1.5970	0.4639	0.0531
Lag	0.0151	2.8151	***	0.0072	1.6299		-0.0090	-1.2987		0.0052	1.3837	0.1031	0.1940
Busy	0.0009	0.2371		-0.0012	-0.3063		-0.0075	-1.2607		0.8127	1.0945	0.7593	0.2074
Intercept	0.0568	1.3450		-0.2551	-8.0523	***	-0.2119	-4.7199	***	0.1796	-	0.0000	0.0000
Nagelkerke R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 254: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long}	-0.0002	-0.0445		-0.0074	-1.7717	*	-0.0048	-0.8409		0.9645	1.2561	0.0764	0.4004
Audit Firm-Specific Variables													
Big4	0.0056	1.1832		0.0052	1.3757		-0.0041	-0.6812		0.2376	2.0188	0.1689	0.4957
IndExp	0.0014	0.1998		0.0115	1.9829	**	-0.0044	-0.5217		0.8418	1.6601	0.0474	0.6019
Office	-0.0006	-0.7088		0.0002	0.2607		0.0006	0.6097		0.4790	2.3037	0.7944	0.5421
Client-Specific Variables													
Age	-0.0003	-0.1816		-0.0014	-1.0310		-0.0016	-0.7962		0.8560	1.3988	0.3026	0.4259
Size	0.0011	0.7600		-0.0001	-0.0748		0.0000	-0.0357		0.4478	2.7028	0.9404	0.9715
OCF	0.0369	1.2370		-0.2295	-12.5127	***	-0.1782	-8.7583	***	0.2170	1.7613	0.0000	0.0000
Lev	-0.1131	-2.8042	***	0.3516	11.9993	***	0.2877	10.4734	***	0.0054	7.3316	0.0000	0.0000
pBank	0.0193	3.4408	***	-0.0595	-13.0093	***	-0.0501	-11.9328	***	0.0007	8.8532	0.0000	0.0000
Growth	0.0027	0.4268		0.0053	0.9152		-0.0025	-0.3274		0.6698	1.1960	0.3601	0.7434
MB	-0.0016	-1.5745		-0.0014	-1.9773	**	0.0006	0.6835		0.1164	1.2670	0.0480	0.4943
AbsTA	0.1793	4.2944	***	0.1838	9.2157	***	-0.0868	-2.9303	***	0.0000	1.6129	0.0000	0.0034
AC	-0.0081	-2.0880	**	-0.0017	-0.4907		0.0093	2.0072	**	0.0376	1.6058	0.6237	0.0447
Lag	0.0150	2.8182	***	0.0079	1.7956	*	-0.0087	-1.2547		0.0051	1.3787	0.0726	0.2096
Busy	0.0009	0.2486		-0.0012	-0.3185		-0.0074	-1.2525		0.8038	1.0942	0.7501	0.2104
Intercept	0.0562	1.3401		-0.2585	-8.1474	***	-0.2107	-4.6947	***	0.1812	-	0.0000	0.0000
Nagelkerke R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 255: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short2} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short2}	0.0022	0.6050		0.0028	0.7818		-0.0051	-0.9254		0.5456	1.0438	0.4343	0.3548
Audit Firm-Specific Variables													
Big4	0.0054	1.1449		0.0052	1.3670		-0.0028	-0.4685		0.2531	2.0262	0.1716	0.6394
IndExp	0.0015	0.2154		0.0111	1.9155	*	-0.0046	-0.5447		0.8296	1.6608	0.0554	0.5860
Office	-0.0006	-0.6833		0.0002	0.2361		0.0006	0.5658		0.4949	2.3095	0.8134	0.5715
Client-Specific Variables													
Age	-0.0003	-0.1866		-0.0016	-1.1495		-0.0016	-0.8190		0.8521	1.3903	0.2503	0.4128
Size	0.0011	0.8017		-0.0004	-0.4086		-0.0004	-0.2926		0.4233	2.5915	0.6829	0.7698
OCF	0.0369	1.2359		-0.2299	-12.4982	***	-0.1789	-8.7949	***	0.2174	1.7608	0.0000	0.0000
Lev	-0.1130	-2.8054	***	0.3529	12.0169	***	0.2879	10.4838	***	0.0053	7.3166	0.0000	0.0000
pBank	0.0193	3.4500	***	-0.0597	-13.0154	***	-0.0501	-11.9492	***	0.0006	8.8390	0.0000	0.0000
Growth	0.0027	0.4151		0.0052	0.9042		-0.0030	-0.3936		0.6784	1.1967	0.3659	0.6938
MB	-0.0016	-1.5892		-0.0015	-2.0068	**	0.0007	0.7179		0.1130	1.2667	0.0448	0.4728
AbsTA	0.1792	4.2905	***	0.1854	9.2669	***	-0.0871	-2.9437	***	0.0000	1.6130	0.0000	0.0032
AC	-0.0081	-2.0957	**	-0.0023	-0.6735		0.0091	1.9644	**	0.0369	1.5946	0.5007	0.0495
Lag	0.0149	2.7967	***	0.0073	1.6575	*	-0.0087	-1.2532		0.0055	1.3801	0.0974	0.2101
Busy	0.0010	0.2598		-0.0013	-0.3468		-0.0078	-1.3188		0.7952	1.0938	0.7288	0.1872
Intercept	0.0558	1.3259		-0.2537	-8.0137	***	-0.2071	-4.6126	***	0.1858	-	0.0000	0.0000
Adj. R^2	0.3048			-			-						
Number of Obs.	1133			636			497						

Appendix 256: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long7} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long7}	-0.0009	-0.2609		-0.0045	-1.5792		-0.0016	-0.3925		0.7944	1.1857	0.1143	0.6947
Audit Firm-Specific Variables													
Big4	0.0055	1.1530		0.0050	1.3009		-0.0040	-0.6528		0.2498	2.0434	0.1933	0.5139
IndExp	0.0014	0.2058		0.0115	1.9837	**	-0.0043	-0.5150		0.8371	1.6602	0.0473	0.6066
Office	-0.0006	-0.6641		0.0003	0.4202		0.0007	0.6690		0.5071	2.3432	0.6743	0.5035
Client-Specific Variables													
Age	-0.0002	-0.1339		-0.0012	-0.8436		-0.0016	-0.8035		0.8936	1.4315	0.3989	0.4217
Size	0.0011	0.7872		-0.0004	-0.3474		-0.0002	-0.1700		0.4317	2.5992	0.7283	0.8650
OCF	0.0371	1.2482		-0.2295	-12.5052	***	-0.1781	-8.7299	***	0.2129	1.7636	0.0000	0.0000
Lev	-0.1132	-2.8177	***	0.3527	12.0305	***	0.2880	10.4774	***	0.0051	7.3219	0.0000	0.0000
pBank	0.0194	3.4659	***	-0.0595	-12.9922	***	-0.0500	-11.9237	***	0.0006	8.8562	0.0000	0.0000
Growth	0.0028	0.4298		0.0051	0.8895		-0.0025	-0.3265		0.6676	1.1961	0.3737	0.7441
MB	-0.0016	-1.5778		-0.0014	-1.9437	*	0.0007	0.7021		0.1156	1.2660	0.0519	0.4826
AbsTA	0.1794	4.2858	***	0.1860	9.3136	***	-0.0874	-2.9454	***	0.0000	1.6134	0.0000	0.0032
AC	-0.0081	-2.0942	**	-0.0022	-0.6299		0.0091	1.9718	**	0.0370	1.5952	0.5288	0.0486
Lag	0.0149	2.7994	***	0.0073	1.6667	*	-0.0089	-1.2797		0.0054	1.3842	0.0956	0.2006
Busy	0.0010	0.2588		-0.0009	-0.2435		-0.0076	-1.2902		0.7960	1.0943	0.8076	0.1970
Intercept	0.0564	1.3436		-0.2548	-8.0579	***	-0.2089	-4.6542	***	0.1800	-	0.0000	0.0000
Adj. R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 257: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long8} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long8}	0.0007	0.2121		-0.0023	-0.7793		-0.0018	-0.4208		0.8322	1.2314	0.4358	0.6739
Audit Firm-Specific Variables													
Big4	0.0058	1.2073		0.0052	1.3682		-0.0040	-0.6580		0.2282	2.0393	0.1713	0.5105
IndExp	0.0014	0.1949		0.0112	1.9363	*	-0.0043	-0.5126		0.8456	1.6600	0.0528	0.6083
Office	-0.0007	-0.7230		0.0002	0.3245		0.0007	0.6745		0.4702	2.3454	0.7456	0.5000
Client-Specific Variables													
Age	-0.0003	-0.2161		-0.0015	-1.0266		-0.0016	-0.7782		0.8291	1.4336	0.3046	0.4364
Size	0.0010	0.7473		-0.0004	-0.3861		-0.0002	-0.1642		0.4554	2.6104	0.6994	0.8696
OCF	0.0367	1.2378		-0.2289	-12.4531	***	-0.1778	-8.6950	***	0.2167	1.7684	0.0000	0.0000
Lev	-0.1128	-2.8043	***	0.3519	11.9818	***	0.2875	10.4450	***	0.0053	7.3455	0.0000	0.0000
pBank	0.0193	3.4403	***	-0.0595	-12.9630	***	-0.0500	-11.8918	***	0.0007	8.8893	0.0000	0.0000
Growth	0.0027	0.4265		0.0054	0.9351		-0.0026	-0.3402		0.6700	1.1960	0.3497	0.7337
MB	-0.0016	-1.5765		-0.0014	-1.9365	*	0.0007	0.7016		0.1159	1.2660	0.0528	0.4829
AbsTA	0.1793	4.3009	***	0.1846	9.2365	***	-0.0875	-2.9541	***	0.0000	1.6129	0.0000	0.0031
AC	-0.0082	-2.1071	**	-0.0021	-0.6163		0.0092	1.9779	**	0.0359	1.5993	0.5377	0.0479
Lag	0.0150	2.8208	***	0.0075	1.7032	*	-0.0088	-1.2708		0.0051	1.3804	0.0885	0.2038
Busy	0.0009	0.2410		-0.0012	-0.3073		-0.0076	-1.2864		0.8097	1.0941	0.7586	0.1983
Intercept	0.0564	1.3411		-0.2541	-8.0242	***	-0.2093	-4.6644	***	0.1808	-	0.0000	0.0000
Adj. R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 258: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long9} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long9}	0.0013	0.4220		-0.0048	-1.5162		-0.0071	-1.5670		0.6733	1.2639	0.1295	0.1171
Audit Firm-Specific Variables													
Big4	0.0058	1.2224		0.0051	1.3473		-0.0051	-0.8458		0.2224	2.0325	0.1779	0.3977
IndExp	0.0013	0.1889		0.0116	2.0006	**	-0.0045	-0.5382		0.8503	1.6605	0.0454	0.5904
Office	-0.0007	-0.7357		0.0003	0.3856		0.0008	0.7453		0.4624	2.3273	0.6998	0.4561
Client-Specific Variables													
Age	-0.0004	-0.2347		-0.0014	-0.9677		-0.0012	-0.6239		0.8146	1.4161	0.3332	0.5327
Size	0.0010	0.7090		-0.0002	-0.2186		0.0001	0.0755		0.4789	2.6562	0.8269	0.9398
OCF	0.0367	1.2365		-0.2293	-12.4956	***	-0.1766	-8.6818	***	0.2172	1.7634	0.0000	0.0000
Lev	-0.1128	-2.8068	***	0.3527	12.0280	***	0.2876	10.4882	***	0.0053	7.3208	0.0000	0.0000
pBank	0.0193	3.4492	***	-0.0596	-13.0221	***	-0.0501	-11.9638	***	0.0006	8.8436	0.0000	0.0000
Growth	0.0028	0.4398		0.0047	0.8172		-0.0025	-0.3259		0.6604	1.1977	0.4138	0.7445
MB	-0.0016	-1.5774		-0.0014	-1.9164	*	0.0006	0.6673		0.1157	1.2661	0.0553	0.5046
AbsTA	0.1793	4.2989	***	0.1848	9.2610	***	-0.0858	-2.9032	***	0.0000	1.6129	0.0000	0.0037
AC	-0.0082	-2.1060	**	-0.0020	-0.5820		0.0098	2.1064	**	0.0360	1.6026	0.5606	0.0352
Lag	0.0150	2.8097	***	0.0076	1.7366	*	-0.0085	-1.2350		0.0053	1.3781	0.0825	0.2168
Busy	0.0008	0.2283		-0.0011	-0.2710		-0.0075	-1.2619		0.8196	1.0952	0.7864	0.2070
Intercept	0.0573	1.3599		-0.2576	-8.1169	***	-0.2148	-4.7835	***	0.1748	-	0.0000	0.0000
Adj. R^2	0.3047			-			-						
Number of Obs.	1133			636			497						

Appendix 259: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long10} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long10}	-0.0009	-0.2610		-0.0039	-1.0844		-0.0021	-0.4195		0.7942	1.2736	0.2782	0.6748
Audit Firm-Specific Variables													
Big4	0.0056	1.1622		0.0053	1.3930		-0.0039	-0.6499		0.2460	2.0252	0.1636	0.5157
IndExp	0.0014	0.2054		0.0115	1.9779	**	-0.0044	-0.5194		0.8374	1.6607	0.0479	0.6035
Office	-0.0006	-0.6923		0.0002	0.2975		0.0007	0.6383		0.4893	2.3103	0.7661	0.5233
Client-Specific Variables													
Age	-0.0003	-0.1627		-0.0015	-1.0605		-0.0016	-0.8246		0.8709	1.4036	0.2889	0.4096
Size	0.0011	0.7901		-0.0003	-0.2485		-0.0002	-0.1247		0.4301	2.6819	0.8037	0.9007
OCF	0.0370	1.2402		-0.2291	-12.4707	***	-0.1783	-8.7562	***	0.2158	1.7619	0.0000	0.0000
Lev	-0.1133	-2.8094	***	0.3514	11.9683	***	0.2881	10.4846	***	0.0053	7.3287	0.0000	0.0000
pBank	0.0194	3.4456	***	-0.0595	-12.9704	***	-0.0501	-11.9350	***	0.0006	8.8512	0.0000	0.0000
Growth	0.0027	0.4171		0.0051	0.8827		-0.0027	-0.3534		0.6769	1.1974	0.3774	0.7238
MB	-0.0016	-1.5777		-0.0014	-1.9107	*	0.0006	0.6892		0.1156	1.2661	0.0560	0.4907
AbsTA	0.1793	4.2994	***	0.1839	9.2019	***	-0.0875	-2.9528	***	0.0000	1.6130	0.0000	0.0031
AC	-0.0081	-2.0627	**	-0.0020	-0.5715		0.0092	1.9858	**	0.0399	1.6044	0.5676	0.0471
Lag	0.0150	2.8204	***	0.0077	1.7466	*	-0.0086	-1.2491		0.0051	1.3782	0.0807	0.2116
Busy	0.0010	0.2595		-0.0012	-0.3093		-0.0075	-1.2644		0.7954	1.0952	0.7571	0.2061
Intercept	0.0558	1.3277		-0.2558	-8.0627	***	-0.2104	-4.6789	***	0.1852	-	0.0000	0.0000
Adj. R^2	0.3046			-			-						
Number of Obs.	1133			636			497						

Appendix 260: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on *FT* (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT	0.0000	0.0985		-0.0002	-0.6208		-0.0001	-0.2159		0.9216	1.2447	0.5348	0.8291
Audit Firm-Specific Variables													
Big4	0.0080	1.9921	**	0.0052	1.4793		-0.0119	-2.2934	**	0.0471	2.0123	0.1391	0.0218
IndExp	0.0065	1.0306		0.0109	2.1025	**	-0.0124	-1.6460	*	0.3034	1.6439	0.0355	0.0998
Office	-0.0006	-0.7914		0.0000	0.0155		0.0005	0.5201		0.4292	2.2868	0.9877	0.6030
Client-Specific Variables													
Age	-0.0018	-1.2209		-0.0029	-2.3877	**	0.0009	0.4769		0.2229	1.3953	0.0170	0.6334
Size	0.0017	1.3039		-0.0004	-0.4353		-0.0013	-1.0522		0.1931	2.7270	0.6634	0.2927
OCF	0.0307	1.1196		-0.1962	-12.8735	***	-0.1889	-9.9934	***	0.2636	1.7422	0.0000	0.0000
Lev	-0.1042	-2.5876	**	0.3279	11.9547	***	0.2586	10.1988	***	0.0101	7.3587	0.0000	0.0000
pBank	0.0177	2.9970	***	-0.0553	-13.3031	***	-0.0486	-12.6816	***	0.0029	8.9491	0.0000	0.0000
Growth	-0.0009	-0.1642		0.0102	1.9781	**	0.0067	1.1069		0.8697	1.1930	0.0479	0.2684
MB	-0.0008	-0.9180		-0.0010	-1.6134		0.0003	0.3123		0.3592	1.2236	0.1067	0.7548
AbsTA	0.1672	4.3829	***	0.1570	9.2059	***	-0.0763	-2.8898	***	0.0000	1.6087	0.0000	0.0039
AC	-0.0085	-2.4585	**	-0.0025	-0.7983		0.0102	2.4745	**	0.0144	1.5967	0.4247	0.0133
Lag	0.0134	3.2198	***	0.0044	1.1182		-0.0160	-2.7952	***	0.0014	1.3874	0.2635	0.0052
Busy	-0.0014	-0.3888		-0.0057	-1.5687		-0.0039	-0.7836		0.6977	1.0692	0.1167	0.4333
Intercept	0.0528	1.3367		-0.2134	-7.3115	***	-0.1595	-4.1760	***	0.1822	-	0.0000	0.0000
Adj. R^2	0.3027			-			-						
Number of Obs.	1270			707			563						

Appendix 261: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short}	0.0000	-0.0082		0.0013	0.5013		0.0016	0.4246		0.9934	1.0880	0.6162	0.6711
Audit Firm-Specific Variables													
Big4	0.0080	1.9736	**	0.0053	1.4987		-0.0119	-2.3189	**	0.0492	1.9988	0.1340	0.0204
IndExp	0.0065	1.0381		0.0108	2.0927	**	-0.0123	-1.6391		0.2999	1.6443	0.0364	0.1012
Office	-0.0006	-0.7890		0.0000	-0.0210		0.0005	0.5395		0.4307	2.2803	0.9832	0.5896
Client-Specific Variables													
Age	-0.0018	-1.1991		-0.0030	-2.4540	**	0.0009	0.4868		0.2313	1.3729	0.0141	0.6264
Size	0.0017	1.3379		-0.0005	-0.5163		-0.0013	-1.0615		0.1818	2.6537	0.6056	0.2885
OCF	0.0308	1.1165		-0.1961	-12.8645	***	-0.1891	-10.0094	***	0.2649	1.7403	0.0000	0.0000
Lev	-0.1042	-2.5760	**	0.3279	11.9518	***	0.2587	10.2045	***	0.0104	7.3579	0.0000	0.0000
pBank	0.0177	2.9836	***	-0.0553	-13.2982	***	-0.0486	-12.6915	***	0.0030	8.9460	0.0000	0.0000
Growth	-0.0009	-0.1661		0.0102	1.9758	**	0.0068	1.1150		0.8682	1.1931	0.0482	0.2649
MB	-0.0008	-0.9194		-0.0010	-1.6280		0.0003	0.3169		0.3585	1.2235	0.1035	0.7513
AbsTA	0.1672	4.3913	***	0.1570	9.2053	***	-0.0764	-2.8943	***	0.0000	1.6083	0.0000	0.0038
AC	-0.0085	-2.4617	**	-0.0026	-0.8344		0.0101	2.4465	**	0.0143	1.5976	0.4041	0.0144
Lag	0.0134	3.2077	***	0.0043	1.0843		-0.0161	-2.8083	***	0.0015	1.3894	0.2782	0.0050
Busy	-0.0014	-0.3848		-0.0057	-1.5819		-0.0038	-0.7652		0.7006	1.0689	0.1137	0.4442
Intercept	0.0528	1.3170		-0.2133	-7.3031	***	-0.1610	-4.2086	***	0.1887	-	0.0000	0.0000
Nagelkerke R^2	0.3027			-			-						
Number of Obs.	1270			707			563						

Appendix 262: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long}	0.0026	0.6717		-0.0045	-1.1220		-0.0052	-0.9955		0.5022	1.2385	0.2619	0.3195
Audit Firm-Specific Variables													
Big4	0.0081	2.0100	**	0.0053	1.4956		-0.0121	-2.3587	**	0.0452	1.9880	0.1348	0.0183
IndExp	0.0064	1.0266		0.0110	2.1328	**	-0.0125	-1.6637	*	0.3053	1.6418	0.0329	0.0962
Office	-0.0006	-0.8013		0.0000	-0.0194		0.0004	0.4644		0.4235	2.2681	0.9845	0.6424
Client-Specific Variables													
Age	-0.0018	-1.2619		-0.0029	-2.3940	**	0.0009	0.5320		0.2078	1.3702	0.0167	0.5947
Size	0.0016	1.1892		-0.0003	-0.2851		-0.0011	-0.9115		0.2352	2.7566	0.7755	0.3620
OCF	0.0307	1.1153		-0.1968	-12.9181	***	-0.1881	-9.9532	***	0.2655	1.7406	0.0000	0.0000
Lev	-0.1038	-2.5855	**	0.3272	11.9386	***	0.2580	10.1834	***	0.0101	7.3668	0.0000	0.0000
pBank	0.0177	2.9986	***	-0.0552	-13.3038	***	-0.0485	-12.6627	***	0.0029	8.9552	0.0000	0.0000
Growth	-0.0009	-0.1688		0.0104	2.0174	**	0.0067	1.1052		0.8660	1.1926	0.0437	0.2691
MB	-0.0008	-0.9093		-0.0010	-1.6265		0.0002	0.2809		0.3638	1.2243	0.1038	0.7788
AbsTA	0.1671	4.4024	***	0.1569	9.2108	***	-0.0761	-2.8853	***	0.0000	1.6070	0.0000	0.0039
AC	-0.0087	-2.4968	**	-0.0023	-0.7293		0.0105	2.5401	**	0.0130	1.6050	0.4658	0.0111
Lag	0.0133	3.1839	***	0.0046	1.1811		-0.0160	-2.7953	***	0.0016	1.3876	0.2375	0.0052
Busy	-0.0015	-0.4045		-0.0057	-1.5838		-0.0036	-0.7249		0.6861	1.0692	0.1132	0.4685
Intercept	0.0542	1.3606		-0.2164	-7.3744	***	-0.1606	-4.2104	***	0.1745	-	0.0000	0.0000
Nagelkerke R^2	0.3029			-			-						
Number of Obs.	1270			707			563						

Appendix 263: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Short2} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Short2}	0.0038	1.0559		0.0034	1.1252		-0.0063	-1.5160		0.2917	1.0563	0.2605	0.1295
Audit Firm-Specific Variables													
Big4	0.0076	1.8775	*	0.0051	1.4410		-0.0111	-2.1700	**	0.0613	1.9952	0.1496	0.0300
IndExp	0.0068	1.0884		0.0108	2.0966	**	-0.0132	-1.7477	*	0.2772	1.6440	0.0360	0.0805
Office	-0.0006	-0.7470		0.0000	-0.0160		0.0004	0.4280		0.4556	2.2719	0.9872	0.6686
Client-Specific Variables													
Age	-0.0017	-1.1639		-0.0030	-2.4767	**	0.0007	0.4047		0.2452	1.3617	0.0133	0.6857
Size	0.0018	1.4131		-0.0004	-0.4525		-0.0015	-1.2232		0.1585	2.6491	0.6509	0.2213
OCF	0.0312	1.1339		-0.1960	-12.8687	***	-0.1895	-10.0503	***	0.2576	1.7412	0.0000	0.0000
Lev	-0.1040	-2.5717	**	0.3281	11.9703	***	0.2586	10.2217	***	0.0105	7.3575	0.0000	0.0000
pBank	0.0177	2.9845	***	-0.0553	-13.3235	***	-0.0487	-12.7574	***	0.0030	8.9455	0.0000	0.0000
Growth	-0.0012	-0.2116		0.0100	1.9272	*	0.0068	1.1314		0.8326	1.1948	0.0540	0.2579
MB	-0.0008	-0.9451		-0.0010	-1.6794	*	0.0003	0.3423		0.3452	1.2246	0.0931	0.7321
AbsTA	0.1677	4.4151	***	0.1574	9.2323	***	-0.0759	-2.8791	***	0.0000	1.6075	0.0000	0.0040
AC	-0.0085	-2.4573	**	-0.0025	-0.8104		0.0104	2.5136	**	0.0145	1.5959	0.4177	0.0120
Lag	0.0132	3.1803	***	0.0043	1.0854		-0.0155	-2.7227	***	0.0016	1.3871	0.2778	0.0065
Busy	-0.0013	-0.3713		-0.0058	-1.6031		-0.0044	-0.8785		0.7106	1.0683	0.1089	0.3796
Intercept	0.0507	1.2709		-0.2141	-7.3435	***	-0.1572	-4.1209	***	0.2046	-	0.0000	0.0000
Adj. R^2	0.3036			-			-						
Number of Obs.	1270			707			563						

Appendix 264: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long7} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long7}	0.0011	0.3570		-0.0003	-0.1333		-0.0010	-0.2806		0.7213	1.1832	0.8939	0.7790
Audit Firm-Specific Variables													
Big4	0.0082	2.0344	**	0.0054	1.5266		-0.0119	-2.3042	**	0.0426	2.0112	0.1269	0.0212
IndExp	0.0064	1.0283		0.0107	2.0691	**	-0.0124	-1.6414		0.3045	1.6422	0.0385	0.1007
Office	-0.0007	-0.8220		0.0000	-0.0391		0.0005	0.5292		0.4116	2.2944	0.9688	0.5967
Client-Specific Variables													
Age	-0.0019	-1.2626		-0.0030	-2.4408	**	0.0009	0.4928		0.2075	1.4089	0.0147	0.6222
Size	0.0017	1.2976		-0.0005	-0.5524		-0.0013	-1.0698		0.1952	2.6577	0.5807	0.2847
OCF	0.0305	1.1130		-0.1963	-12.8764	***	-0.1888	-9.9820	***	0.2665	1.7439	0.0000	0.0000
Lev	-0.1041	-2.5848	**	0.3277	11.9388	***	0.2585	10.1932	***	0.0101	7.3593	0.0000	0.0000
pBank	0.0177	2.9925	***	-0.0552	-13.2868	***	-0.0485	-12.6661	***	0.0030	8.9558	0.0000	0.0000
Growth	-0.0009	-0.1674		0.0104	2.0106	**	0.0068	1.1137		0.8671	1.1926	0.0444	0.2654
MB	-0.0008	-0.9196		-0.0010	-1.6172		0.0003	0.3103		0.3584	1.2234	0.1058	0.7563
AbsTA	0.1670	4.3834	***	0.1568	9.1935	***	-0.0763	-2.8870	***	0.0000	1.6084	0.0000	0.0039
AC	-0.0085	-2.4637	**	-0.0026	-0.8203		0.0102	2.4651	**	0.0142	1.5961	0.4121	0.0137
Lag	0.0135	3.2419	***	0.0044	1.1167		-0.0161	-2.7997	***	0.0013	1.3903	0.2641	0.0051
Busy	-0.0014	-0.3948		-0.0057	-1.5723		-0.0039	-0.7895		0.6932	1.0688	0.1159	0.4298
Intercept	0.0530	1.3399		-0.2126	-7.2719	***	-0.1593	-4.1673	***	0.1811	-	0.0000	0.0000
Adj. R^2	0.3028			-			-						
Number of Obs.	1270			707			563						

Appendix 265: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long8} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long8}	0.0023	0.7642		0.0009	0.3176		-0.0017	-0.4442		0.4452	1.2217	0.7508	0.6569
Audit Firm-Specific Variables													
Big4	0.0083	2.0693	**	0.0055	1.5673		-0.0121	-2.3283	**	0.0392	2.0076	0.1170	0.0199
IndExp	0.0064	1.0229		0.0106	2.0546	**	-0.0124	-1.6438		0.3071	1.6418	0.0399	0.1002
Office	-0.0007	-0.8636		-0.0001	-0.1023		0.0005	0.5400		0.3884	2.2967	0.9185	0.5892
Client-Specific Variables													
Age	-0.0020	-1.3398		-0.0031	-2.5220	**	0.0009	0.5280		0.1812	1.4100	0.0117	0.5975
Size	0.0016	1.2472		-0.0006	-0.6027		-0.0013	-1.0434		0.2131	2.6701	0.5467	0.2968
OCF	0.0300	1.0999		-0.1966	-12.8833	***	-0.1884	-9.9481	***	0.2721	1.7481	0.0000	0.0000
Lev	-0.1034	-2.5775	**	0.3275	11.9400	***	0.2580	10.1621	***	0.0103	7.3759	0.0000	0.0000
pBank	0.0176	2.9841	***	-0.0552	-13.2872	***	-0.0485	-12.6175	***	0.0030	8.9817	0.0000	0.0000
Growth	-0.0009	-0.1684		0.0104	2.0197	**	0.0067	1.1097		0.8664	1.1926	0.0434	0.2671
MB	-0.0008	-0.9222		-0.0010	-1.6345		0.0003	0.3132		0.3571	1.2235	0.1021	0.7541
AbsTA	0.1671	4.4021	***	0.1568	9.1973	***	-0.0763	-2.8897	***	0.0000	1.6071	0.0000	0.0039
AC	-0.0086	-2.4858	**	-0.0026	-0.8467		0.0102	2.4796	**	0.0134	1.5985	0.3971	0.0132
Lag	0.0135	3.2421	***	0.0044	1.1133		-0.0162	-2.8168	***	0.0013	1.3876	0.2656	0.0049
Busy	-0.0015	-0.4020		-0.0057	-1.5826		-0.0039	-0.7864		0.6879	1.0687	0.1135	0.4316
Intercept	0.0535	1.3495		-0.2114	-7.2303	***	-0.1593	-4.1723	***	0.1780	-	0.0000	0.0000
Adj. R^2	0.3031			-			-						
Number of Obs.	1270			707			563						

Appendix 266: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long9} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long9}	0.0013	0.3957		-0.0022	-0.7285		-0.0035	-0.8433		0.6926	1.2502	0.4663	0.3990
Audit Firm-Specific Variables													
Big4	0.0081	2.0316	**	0.0053	1.5068		-0.0124	-2.3916	**	0.0429	2.0015	0.1319	0.0168
IndExp	0.0064	1.0261		0.0110	2.1193	**	-0.0127	-1.6819	*	0.3056	1.6422	0.0341	0.0926
Office	-0.0007	-0.8138		0.0000	0.0359		0.0005	0.5325		0.4163	2.2836	0.9714	0.5944
Client-Specific Variables													
Age	-0.0018	-1.2787		-0.0029	-2.3804	**	0.0010	0.5693		0.2018	1.3906	0.0173	0.5692
Size	0.0016	1.2705		-0.0004	-0.4352		-0.0011	-0.9278		0.2047	2.7154	0.6634	0.3535
OCF	0.0306	1.1153		-0.1962	-12.8718	***	-0.1885	-9.9774	***	0.2655	1.7429	0.0000	0.0000
Lev	-0.1041	-2.5872	**	0.3281	11.9609	***	0.2583	10.1912	***	0.0101	7.3588	0.0000	0.0000
pBank	0.0177	2.9971	***	-0.0553	-13.3103	***	-0.0485	-12.6722	***	0.0029	8.9480	0.0000	0.0000
Growth	-0.0009	-0.1535		0.0102	1.9784	**	0.0066	1.0899		0.8781	1.1939	0.0479	0.2757
MB	-0.0008	-0.9221		-0.0010	-1.5832		0.0002	0.2931		0.3571	1.2235	0.1134	0.7695
AbsTA	0.1671	4.3995	***	0.1566	9.1887	***	-0.0762	-2.8862	***	0.0000	1.6073	0.0000	0.0039
AC	-0.0086	-2.4679	**	-0.0025	-0.7882		0.0105	2.5313	**	0.0141	1.6015	0.4306	0.0114
Lag	0.0134	3.2083	***	0.0045	1.1421		-0.0160	-2.8085	***	0.0015	1.3863	0.2534	0.0050
Busy	-0.0015	-0.4013		-0.0056	-1.5366		-0.0039	-0.7778		0.6884	1.0699	0.1244	0.4367
Intercept	0.0538	1.3458		-0.2153	-7.3171	***	-0.1610	-4.2191	***	0.1792	-	0.0000	0.0000
Adj. R^2	0.3028			-			-						
Number of Obs.	1270			707			563						

Appendix 267: Discretionay Accruals Sensitivity Analysis at Audit Firm Level: |*DA*|, *DA*+ and *DA*- on FT_{Long10} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
FT_{Long10}	0.0004	0.1045		0.0005	0.1413		0.0018	0.4063		0.9169	1.2540	0.8876	0.6845
Audit Firm-Specific Variables													
Big4	0.0080	1.9864	**	0.0055	1.5513		-0.0115	-2.2155	**	0.0477	1.9940	0.1208	0.0267
IndExp	0.0065	1.0319		0.0106	2.0430	**	-0.0123	-1.6258		0.3028	1.6424	0.0410	0.1040
Office	-0.0006	-0.7964		0.0000	-0.0679		0.0005	0.5083		0.4263	2.2718	0.9459	0.6112
Client-Specific Variables													
Age	-0.0018	-1.2309		-0.0030	-2.5039	**	0.0007	0.4032		0.2192	1.3771	0.0123	0.6868
Size	0.0017	1.2865		-0.0006	-0.5856		-0.0014	-1.1570		0.1991	2.7380	0.5582	0.2473
OCF	0.0308	1.1172		-0.1964	-12.8820	***	-0.1892	-10.0102	***	0.2646	1.7412	0.0000	0.0000
Lev	-0.1042	-2.5882	**	0.3275	11.9376	***	0.2590	10.2124	***	0.0100	7.3646	0.0000	0.0000
pBank	0.0177	2.9958	***	-0.0552	-13.2799	***	-0.0486	-12.7062	***	0.0029	8.9541	0.0000	0.0000
Growth	-0.0009	-0.1627		0.0104	2.0198	**	0.0068	1.1141		0.8708	1.1936	0.0434	0.2652
MB	-0.0008	-0.9198		-0.0010	-1.6279		0.0003	0.3427		0.3583	1.2235	0.1035	0.7318
AbsTA	0.1672	4.4097	***	0.1568	9.1907	***	-0.0767	-2.9033	***	0.0000	1.6068	0.0000	0.0037
AC	-0.0085	-2.4572	**	-0.0026	-0.8350		0.0101	2.4351	**	0.0145	1.6036	0.4037	0.0149
Lag	0.0134	3.2105	***	0.0044	1.1103		-0.0159	-2.7866	***	0.0014	1.3868	0.2669	0.0053
Busy	-0.0014	-0.3899		-0.0057	-1.5807		-0.0040	-0.8101		0.6968	1.0700	0.1139	0.4179
Intercept	0.0530	1.3294		-0.2117	-7.1985	***	-0.1594	-4.1757	***	0.1846	-	0.0000	0.0000
Adj. R^2	0.3027			-			-						
Number of Obs.	1270			707			563						

Appendix 268: Discretionary Accruals Moderator Analyses at Audit Firm Level: |*DA*|, *DA+* and *DA-* on *FT*Moderator*

	|DA|		DA+		DA-		|DA|	DA+	DA-
Variable	**Coeff.**	**Wald**	**Coeff.**	**Wald**	**Coeff.**	**Wald**	**p-Value**	**p-Value**	**p-Value**
Moderator: Audit Firm Size									
*FT*Big4*	0.0009	-0.1299	0.0003	0.3576	0.0004	0.3499	0.8967	0.7206	0.7264
Moderator: Industry Expertise									
*FT*IndExp*$_D$	0.0008	0.4848	0.0000	-0.0014	-0.0008	-0.8090	0.6281	0.9988	0.4185
Moderator: Audit Office Size									
*FT*Office*$_D$	0.0008	-1.6426	-0.0006	-0.8372	0.0013	1.3605	0.1013	0.4025	0.1737
Moderator: Client Size									
*FT*Size*$_D$	0.0009	-0.6824	-0.0004	-0.5916	0.0004	0.3669	0.4954	0.5541	0.7137

Appendix 269: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *EPT* and *RPT*

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT	-0.0001	-0.1494		-0.0002	-0.2765		-0.0003	-0.2209		0.8813	1.2657	0.7822	0.8251
RPT	-0.0004	-0.5693		-0.0011	-1.3373		-0.0006	-0.5242		0.5695	1.2048	0.1811	0.6001
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1621		-0.0001	-0.2423		-0.0005	-1.3196		0.2460	1.2847	0.8085	0.1870
RP_{Exp}	-0.0002	-0.8735		0.0003	1.3099		0.0006	1.7559	*	0.3830	1.1949	0.1902	0.0791
$EP_{Ability}$	-0.0019	-0.5077		0.0023	0.4846		-0.0005	-0.0883		0.6120	1.0484	0.6280	0.9296
$RP_{Ability}$	-0.0029	-0.7602		-0.0015	-0.4264		-0.0008	-0.1675		0.4476	1.1442	0.6698	0.8670
Gender	-0.0012	-0.2680		0.0016	0.4714		0.0024	0.5252		0.7889	1.0772	0.6373	0.5995
Audit Firm-Specific Variables													
Big4	0.0046	1.0386		0.0055	1.4559		-0.0034	-0.6331		0.2997	2.0374	0.1454	0.5267
IndExp	0.0028	0.4269		0.0131	2.3218	**	-0.0048	-0.6159		0.6697	1.6673	0.0202	0.5380
Office	-0.0005	-0.5827		-0.0001	-0.1442		0.0006	0.6437		0.5605	2.3094	0.8853	0.5198
Client-Specific Variables													
Age	-0.0008	-0.5860		-0.0023	-1.7102	*	-0.0019	-1.0959		0.5582	1.3792	0.0872	0.2731
Size	0.0015	1.0960		0.0001	0.1309		-0.0001	-0.0921		0.2738	2.8490	0.8958	0.9266
OCF	0.0425	1.4997		-0.2282	-13.2610	***	-0.1768	-9.2282	***	0.1346	1.7456	0.0000	0.0000
Lev	-0.0978	-2.4386	**	0.3501	13.3266	***	0.2821	10.7026	***	0.0152	7.4475	0.0000	0.0000
pBank	0.0168	2.9513	***	-0.0609	-14.8465	***	-0.0496	-12.4743	***	0.0034	9.0465	0.0000	0.0000
Growth	-0.0033	-0.5754		-0.0016	-0.3116		-0.0024	-0.3569		0.5654	1.2007	0.7554	0.7212
MB	-0.0017	-1.7813	*	-0.0014	-2.0099	**	0.0006	0.7730		0.0757	1.2354	0.0444	0.4395
AbsTA	0.1819	4.4882	***	0.1931	10.7541	***	-0.0865	-3.0972	***	0.0000	1.6269	0.0000	0.0020
AC	-0.0088	-2.4446	**	-0.0045	-1.3181		0.0087	2.0646	**	0.0150	1.6159	0.1875	0.0390
Lag	0.0146	3.1822	***	0.0051	1.2031		-0.0107	-1.8189	*	0.0016	1.4188	0.2290	0.0689
Busy	-0.0001	-0.0331		-0.0024	-0.6252		-0.0055	-1.0507		0.9736	1.0774	0.5318	0.2934
Y2008	0.0059	1.5317		0.0128	2.9623	***	0.0031	0.5094		0.1265	1.6606	0.0031	0.6105
Y2009	0.0074	1.8517	*	0.0151	3.4636	***	0.0013	0.2139		0.0649	1.7622	0.0005	0.8306
Intercept	0.0443	1.1157		-0.2487	-8.2264	***	-0.2027	-5.2113	***	0.2653	-	0.0000	0.0000
Adj. R^2	0.2919			-			-						
Number of Obs.	1270			701			569						

Appendix 270: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short} and RPT_{Short}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short}	0.0002	0.0737		0.0011	0.3684		0.0011	0.2493		0.9413	1.2627	0.7125	0.8031
RPT_{Short}	0.0002	0.0849		0.0035	1.1753		0.0035	0.8570		0.9324	1.2014	0.2399	0.3914
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1327		-0.0001	-0.2799		-0.0005	-1.3228		0.2581	1.2563	0.7796	0.1859
RP_{Exp}	-0.0002	-0.9635		0.0003	1.2212		0.0006	1.7727	*	0.3359	1.1745	0.2220	0.0763
$EP_{Ability}$	-0.0019	-0.4986		0.0023	0.4980		-0.0006	-0.1113		0.6184	1.0482	0.6185	0.9114
$RP_{Ability}$	-0.0029	-0.7728		-0.0015	-0.4235		-0.0008	-0.1688		0.4401	1.1446	0.6719	0.8659
Gender	-0.0012	-0.2661		0.0018	0.5099		0.0023	0.5041		0.7903	1.0766	0.6101	0.6142
Audit Firm-Specific Variables													
Big4	0.0047	1.0533		0.0055	1.4485		-0.0032	-0.6064		0.2929	2.0313	0.1475	0.5443
IndExp	0.0028	0.4245		0.0131	2.3331	**	-0.0048	-0.6120		0.6714	1.6676	0.0196	0.5405
Office	-0.0005	-0.5675		-0.0001	-0.1684		0.0006	0.6276		0.5708	2.3087	0.8663	0.5302
Client-Specific Variables													
Age	-0.0008	-0.5720		-0.0023	-1.6873	*	-0.0019	-1.1001		0.5677	1.3779	0.0915	0.2713
Size	0.0015	1.0991		0.0002	0.1484		-0.0001	-0.0764		0.2725	2.8485	0.8821	0.9391
OCF	0.0425	1.5010		-0.2288	-13.2880	***	-0.1764	-9.1983	***	0.1342	1.7459	0.0000	0.0000
Lev	-0.0986	-2.4550	**	0.3506	13.3247	***	0.2827	10.7345	***	0.0146	7.4560	0.0000	0.0000
pBank	0.0169	2.9653	***	-0.0610	-14.8531	***	-0.0496	-12.5049	***	0.0032	9.0567	0.0000	0.0000
Growth	-0.0032	-0.5659		-0.0013	-0.2541		-0.0025	-0.3728		0.5718	1.2002	0.7994	0.7093
MB	-0.0017	-1.7798	*	-0.0014	-2.0441	**	0.0007	0.7890		0.0759	1.2340	0.0409	0.4301
AbsTA	0.1817	4.4778	***	0.1930	10.7718	***	-0.0865	-3.1025	***	0.0000	1.6235	0.0000	0.0019
AC	-0.0088	-2.4512	**	-0.0045	-1.3356		0.0087	2.0648	**	0.0147	1.6131	0.1817	0.0389
Lag	0.0148	3.1969	***	0.0053	1.2407		-0.0107	-1.8153	*	0.0015	1.4178	0.2147	0.0695
Busy	-0.0002	-0.0569		-0.0023	-0.6150		-0.0054	-1.0253		0.9546	1.0765	0.5386	0.3052
Intercept	0.0425	1.0443		-0.2565	-8.4989	***	-0.2088	-5.3200	***	0.2971	-	0.0000	0.0000
Adj. R^2	0.2917			-			-						
Number of Obs.	1270			701			569						

Appendix 271: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Long} and RPT_{Long}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long}	-0.0029	-0.6746		-0.0043	-0.9454		0.0006	0.0955		0.5003	1.1309	0.3444	0.9239
RPT_{Long}	-0.0006	-0.1638		-0.0027	-0.6327		0.0012	0.1891		0.8700	1.1041	0.5269	0.8500
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.2459		0.0000	-0.1204		-0.0005	-1.4483		0.2136	1.2342	0.9042	0.1475
RP_{Exp}	-0.0002	-0.9677		0.0002	1.0978		0.0005	1.6495	*	0.3338	1.1693	0.2723	0.0990
$EP_{Ability}$	-0.0019	-0.5206		0.0022	0.4698		-0.0002	-0.0407		0.6029	1.0479	0.6385	0.9675
$RP_{Ability}$	-0.0030	-0.7876		-0.0019	-0.5448		-0.0007	-0.1665		0.4315	1.1426	0.5859	0.8678
Gender	-0.0011	-0.2513		0.0020	0.5851		0.0023	0.5073		0.8017	1.0773	0.5585	0.6120
Audit Firm-Specific Variables													
Big4	0.0045	1.0091		0.0053	1.3950		-0.0030	-0.5682		0.3136	2.0410	0.1630	0.5699
IndExp	0.0028	0.4160		0.0129	2.2868	**	-0.0047	-0.6031		0.6777	1.6667	0.0222	0.5465
Office	-0.0005	-0.5538		-0.0001	-0.0731		0.0006	0.6669		0.5801	2.3062	0.9417	0.5048
Client-Specific Variables													
Age	-0.0008	-0.5519		-0.0022	-1.6577	*	-0.0019	-1.0988		0.5814	1.3761	0.0974	0.2718
Size	0.0015	1.1061		0.0002	0.1455		-0.0001	-0.1118		0.2694	2.8491	0.8843	0.9110
OCF	0.0422	1.4906		-0.2291	-13.2952	***	-0.1769	-9.2313	***	0.1369	1.7463	0.0000	0.0000
Lev	-0.0982	-2.4562	**	0.3503	13.3159	***	0.2808	10.6676	***	0.0145	7.4199	0.0000	0.0000
pBank	0.0169	2.9730	***	-0.0610	-14.8602	***	-0.0494	-12.4364	***	0.0031	9.0107	0.0000	0.0000
Growth	-0.0032	-0.5656		-0.0014	-0.2781		-0.0028	-0.4076		0.5720	1.2000	0.7809	0.6835
MB	-0.0017	-1.7819	*	-0.0014	-2.0095	**	0.0007	0.7834		0.0756	1.2321	0.0445	0.4334
AbsTA	0.1821	4.5014	***	0.1932	10.7899	***	-0.0866	-3.1006	***	0.0000	1.6192	0.0000	0.0019
AC	-0.0089	-2.4649	**	-0.0045	-1.3217		0.0088	2.0833	**	0.0142	1.6139	0.1863	0.0372
Lag	0.0147	3.1880	***	0.0053	1.2437		-0.0107	-1.8130	*	0.0016	1.4181	0.2136	0.0698
Busy	-0.0002	-0.0556		-0.0023	-0.5990		-0.0059	-1.1346		0.9557	1.0752	0.5492	0.2565
Intercept	0.0428	1.0706		-0.2539	-8.4526	***	-0.2035	-5.2277	***	0.2851	-	0.0000	0.0000
Adj. R^2	0.2920			-			-						
Number of Obs.	1270			701			569						

Appendix 272: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short} and EPT_{Long} as well as RPT_{Short} and RPT_{Long}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
EPT_{Short}	-0.0008	-0.2520		-0.0002	-0.0690		0.0016	0.3175		0.8012	1.6096	0.9450	0.7509	
EPT_{Long}	-0.0035	-0.7602		-0.0045	-0.8630		0.0020	0.2632		0.4476	1.4413	0.3882	0.7924	
RPT_{Short}	0.0002	0.0626		0.0036	1.0903		0.0048	1.0561		0.9501	1.5197	0.2756	0.2909	
RPT_{Long}	-0.0006	-0.1357		-0.0002	-0.0385		0.0049	0.6755		0.8922	1.3953	0.9693	0.4993	
Audit Partner-Specific Variables														
EP_{Exp}	0.0003	1.1976		0.0000	-0.1289		-0.0005	-1.3813		0.2319	1.2710	0.8974	0.1672	
RP_{Exp}	-0.0002	-0.9611		0.0003	1.2499		0.0005	1.7170	*	0.3372	1.1840	0.2113	0.0860	
$EP_{Ability}$	-0.0019	-0.5115		0.0023	0.4951		-0.0005	-0.0852		0.6093	1.0487	0.6205	0.9321	
$RP_{Ability}$	-0.0031	-0.8017		-0.0018	-0.4942		-0.0008	-0.1731		0.4233	1.1477	0.6212	0.8626	
Gender	-0.0011	-0.2456		0.0020	0.5656		0.0022	0.4848		0.8062	1.0781	0.5717	0.6278	
Audit Firm-Specific Variables														
Big4	0.0045	1.0104		0.0053	1.3979		-0.0027	-0.5105		0.3130	2.0414	0.1621	0.6097	
IndExp	0.0027	0.4150		0.0132	2.3395	**	-0.0047	-0.5965		0.6784	1.6680	0.0193	0.5508	
Office	-0.0004	-0.5524		-0.0001	-0.1262		0.0006	0.6113		0.5810	2.3101	0.8996	0.5410	
Client-Specific Variables														
Age	-0.0008	-0.5573		-0.0022	-1.6698	*	-0.0021	-1.1675		0.5777	1.3785	0.0950	0.2430	
Size	0.0015	1.1040		0.0001	0.1370		-0.0001	-0.0706		0.2703	2.8492	0.8910	0.9437	
OCF	0.0422	1.4878		-0.2293	-13.3200	***	-0.1759	-9.1740	***	0.1377	1.7471	0.0000	0.0000	
Lev	-0.0986	-2.4466	**	0.3505	13.3106	***	0.2829	10.7411	***	0.0149	7.4670	0.0000	0.0000	
pBank	0.0169	2.9569	***	-0.0610	-14.8643	***	-0.0497	-12.5023	***	0.0033	9.0596	0.0000	0.0000	
Growth	-0.0032	-0.5637		-0.0015	-0.2891		-0.0029	-0.4267		0.5733	1.2002	0.7725	0.6696	
MB	-0.0017	-1.7682	*	-0.0014	-2.0171	**	0.0007	0.7804		0.0779	1.2343	0.0437	0.4352	
AbsTA	0.1819	4.4759	***	0.1935	10.8000	***	-0.0863	-3.0957	***	0.0000	1.6242	0.0000	0.0020	
AC	-0.0089	-2.4656	**	-0.0046	-1.3524		0.0088	2.0850	**	0.0141	1.6148	0.1762	0.0371	
Lag	0.0146	3.1686	***	0.0049	1.1564		-0.0106	-1.7935	*	0.0017	1.4206	0.2475	0.0729	
Busy	-0.0002	-0.0534		-0.0023	-0.6175		-0.0052	-0.9987		0.9574	1.0765	0.5369	0.3179	
Intercept	0.0437	1.0728		-0.2548	-8.4272	***	-0.2109	-5.3619	***	0.2841	-	0.0000	0.0000	
Adj. R^2	0.2909			-			-							
Number of Obs.	1270			701			569							

Appendix 273: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short2} and RPT_{Short2}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short2}	0.0006	0.1995		0.0000	0.0030		-0.0010	-0.2648		0.8420	1.2957	0.9976	0.7912
RPT_{Short2}	0.0022	0.8425		0.0041	1.4232		0.0031	0.8133		0.4001	1.2469	0.1547	0.4161
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.2009		-0.0001	-0.3478		-0.0005	-1.4371		0.2306	1.2525	0.7280	0.1507
RP_{Exp}	-0.0002	-0.8518		0.0003	1.2741		0.0006	1.7710	*	0.3949	1.1712	0.2026	0.0766
$EP_{Ability}$	-0.0019	-0.5033		0.0023	0.4867		-0.0003	-0.0474		0.6151	1.0483	0.6265	0.9622
$RP_{Ability}$	-0.0028	-0.7414		-0.0015	-0.4140		-0.0007	-0.1578		0.4589	1.1448	0.6789	0.8746
Gender	-0.0012	-0.2743		0.0016	0.4478		0.0024	0.5311		0.7840	1.0787	0.6543	0.5954
Audit Firm-Specific Variables													
Big4	0.0046	1.0495		0.0056	1.4801		-0.0032	-0.6020		0.2947	2.0317	0.1388	0.5472
IndExp	0.0028	0.4237		0.0130	2.3090	**	-0.0049	-0.6246		0.6720	1.6673	0.0209	0.5323
Office	-0.0005	-0.5873		-0.0001	-0.0847		0.0006	0.6029		0.5574	2.3061	0.9325	0.5465
Client-Specific Variables													
Age	-0.0009	-0.6070		-0.0023	-1.7219	*	-0.0021	-1.1617		0.5443	1.3823	0.0851	0.2454
Size	0.0015	1.0844		0.0001	0.0783		-0.0001	-0.0984		0.2789	2.8503	0.9376	0.9217
OCF	0.0427	1.5066		-0.2275	-13.2137	***	-0.1764	-9.2036	***	0.1328	1.7458	0.0000	0.0000
Lev	-0.0978	-2.4416	**	0.3475	13.2234	***	0.2820	10.6865	***	0.0151	7.4278	0.0000	0.0000
pBank	0.0168	2.9459	***	-0.0606	-14.7760	***	-0.0496	-12.4633	***	0.0034	9.0283	0.0000	0.0000
Growth	-0.0035	-0.6078		-0.0016	-0.3235		-0.0028	-0.4111		0.5437	1.2037	0.7463	0.6810
MB	-0.0017	-1.7885	*	-0.0014	-2.0131	**	0.0007	0.7936		0.0745	1.2349	0.0441	0.4274
AbsTA	0.1820	4.5065	***	0.1923	10.7425	***	-0.0870	-3.1151	***	0.0000	1.6227	0.0000	0.0018
AC	-0.0087	-2.4202	**	-0.0044	-1.2934		0.0090	2.1353	**	0.0160	1.6149	0.1959	0.0327
Lag	0.0146	3.1791	***	0.0051	1.1998		-0.0106	-1.7948	*	0.0016	1.4166	0.2302	0.0727
Busy	-0.0001	-0.0184		-0.0024	-0.6369		-0.0055	-1.0366		0.9853	1.0772	0.5242	0.2999
Intercept	0.0415	1.0201		-0.2525	-8.3917	***	-0.2057	-5.2506	***	0.3084	-	0.0000	0.0000
Adj. R^2	0.2923			-			-						
Number of Obs.	1270			701			569						

Appendix 274: Discretionay Accruals Analysis at Audit Partner Level: |*DA*|, *DA*+ and *DA*- on EPT_{Long5} and RPT_{Long5}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long5}	0.0015	0.4139		-0.0003	-0.0835		-0.0037	-0.7276		0.6792	1.2171	0.9334	0.4668
RPT_{Long5}	0.0031	0.9155		-0.0018	-0.5334		-0.0057	-1.1967		0.3605	1.1557	0.5938	0.2314
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9507		-0.0001	-0.3417		-0.0004	-1.2846		0.3424	1.2523	0.7326	0.1989
RP_{Exp}	-0.0003	-1.1147		0.0002	1.1069		0.0006	1.8345	*	0.2657	1.1758	0.2684	0.0666
$EP_{Ability}$	-0.0018	-0.4690		0.0023	0.4929		-0.0010	-0.1777		0.6393	1.0488	0.6221	0.8589
$RP_{Ability}$	-0.0030	-0.8053		-0.0017	-0.4683		-0.0007	-0.1555		0.4212	1.1439	0.6396	0.8764
Gender	-0.0012	-0.2711		0.0019	0.5345		0.0025	0.5459		0.7865	1.0765	0.5930	0.5851
Audit Firm-Specific Variables													
Big4	0.0048	1.0746		0.0057	1.4919		-0.0038	-0.7202		0.2833	2.0319	0.1357	0.4714
IndExp	0.0026	0.3982		0.0130	2.2966	**	-0.0045	-0.5756		0.6907	1.6676	0.0216	0.5649
Office	-0.0004	-0.5225		-0.0001	-0.1425		0.0006	0.6753		0.6016	2.3138	0.8866	0.4995
Client-Specific Variables													
Age	-0.0008	-0.5843		-0.0022	-1.6755	*	-0.0018	-0.9945		0.5594	1.3759	0.0938	0.3200
Size	0.0015	1.0872		0.0002	0.1587		-0.0001	-0.0658		0.2777	2.8492	0.8739	0.9475
OCF	0.0429	1.5267		-0.2286	-13.2534	***	-0.1770	-9.2560	***	0.1277	1.7462	0.0000	0.0000
Lev	-0.1009	-2.5188	**	0.3500	13.2449	***	0.2819	10.7374	***	0.0122	7.4541	0.0000	0.0000
pBank	0.0172	3.0290	***	-0.0609	-14.8018	***	-0.0495	-12.5014	***	0.0026	9.0430	0.0000	0.0000
Growth	-0.0033	-0.5870		-0.0010	-0.2018		-0.0018	-0.2699		0.5576	1.2006	0.8400	0.7872
MB	-0.0017	-1.7854	*	-0.0014	-2.0017	**	0.0006	0.7648		0.0750	1.2329	0.0453	0.4444
AbsTA	0.1807	4.4670	***	0.1922	10.7001	***	-0.0873	-3.1346	***	0.0000	1.6234	0.0000	0.0017
AC	-0.0087	-2.3946	**	-0.0046	-1.3432		0.0083	1.9718	**	0.0171	1.6167	0.1792	0.0486
Lag	0.0150	3.2393	***	0.0055	1.3036		-0.0109	-1.8489	*	0.0013	1.4181	0.1924	0.0645
Busy	-0.0004	-0.1020		-0.0023	-0.6034		-0.0052	-0.9983		0.9188	1.0763	0.5463	0.3181
Intercept	0.0433	1.0824		-0.2540	-8.4477	***	-0.2039	-5.2520	***	0.2798	-	0.0000	0.0000
Adj. R^2	0.2925			-			-						
Number of Obs.	1270			701			569						

Appendix 275: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *EPT* and *RPT* (*Less FT ≤ 3*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT	0.0003	0.3444		-0.0001	-0.1439		-0.0011	-0.8523		0.7308	1.2136	0.8856	0.3940
RPT	0.0003	0.3830		-0.0011	-1.2708		-0.0013	-1.1266		0.7020	1.1506	0.2038	0.2599
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.1992		-0.0004	-1.1836		-0.0004	-0.8884		0.8422	1.4315	0.2366	0.3743
RP_{Exp}	-0.0003	-0.8755		0.0003	1.1121		0.0005	1.2660		0.3820	1.2574	0.2661	0.2055
$EP_{Ability}$	-0.0019	-0.4781		0.0026	0.5050		-0.0003	-0.0468		0.6329	1.0631	0.6136	0.9627
$RP_{Ability}$	0.0018	0.4495		-0.0013	-0.3311		-0.0062	-1.1579		0.6534	1.1628	0.7406	0.2469
Gender	0.0039	0.7833		-0.0008	-0.2026		-0.0077	-1.3758		0.4341	1.1315	0.8395	0.1689
Audit Firm-Specific Variables													
Big4	0.0011	0.1979		0.0051	1.1724		-0.0016	-0.2469		0.8432	2.1022	0.2410	0.8050
IndExp	-0.0028	-0.3679		0.0100	1.5138		-0.0092	-0.9851		0.7132	1.7259	0.1301	0.3246
Office	-0.0001	-0.0953		0.0003	0.3105		0.0005	0.4582		0.9242	2.4404	0.7561	0.6468
Client-Specific Variables													
Age	-0.0022	-1.3091		-0.0034	-2.0464	**	-0.0007	-0.2943		0.1915	1.4290	0.0407	0.7685
Size	0.0015	0.8880		0.0001	0.1077		0.0007	0.5013		0.3753	2.8477	0.9143	0.6162
OCF	0.0736	2.2629	**	-0.2114	-9.6538	***	-0.1856	-8.2201	***	0.0244	1.8865	0.0000	0.0000
Lev	-0.1213	-2.8323	***	0.3264	10.2987	***	0.2733	9.1233	***	0.0049	6.9416	0.0000	0.0000
pBank	0.0218	3.6144	***	-0.0549	-11.0604	***	-0.0495	-10.7493	***	0.0004	8.4106	0.0000	0.0000
Growth	0.0029	0.4320		0.0034	0.4911		-0.0018	-0.2192		0.6660	1.2384	0.6234	0.8265
MB	-0.0029	-2.6239	***	-0.0014	-1.5845		0.0016	1.3523		0.0091	1.3925	0.1131	0.1763
AbsTA	0.1791	4.4998	***	0.1777	8.0187	***	-0.0931	-2.7835	***	0.0000	1.7891	0.0000	0.0054
AC	-0.0115	-2.8689	***	-0.0079	-2.0784	**	0.0086	1.6911	*	0.0044	1.5881	0.0377	0.0908
Lag	0.0099	2.0845	**	0.0015	0.3089		-0.0066	-0.8712		0.0380	1.4452	0.7574	0.3836
Busy	0.0008	0.2152		0.0024	0.5409		-0.0028	-0.4326		0.8298	1.1435	0.5885	0.6653
Intercept	0.0856	2.0205	**	-0.2081	-5.9680	***	-0.2301	-4.6966	***	0.0442	-	0.0000	0.0000
Adj. R^2	0.3270			-			-						
Number of Obs.	862			473			389						

Appendix 276: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short} and RPT_{Short} (*Less FT* ≤ *3*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short}	-0.0010	-0.2923		-0.0006	-0.1913		0.0009	0.1892		0.7702	1.2062	0.8483	0.8499
RPT_{Short}	-0.0004	-0.1534		0.0037	1.2135		0.0032	0.7283		0.8782	1.1379	0.2249	0.4664
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.2430		-0.0004	-1.3697		-0.0005	-1.0914		0.8081	1.4000	0.1708	0.2751
RP_{Exp}	-0.0002	-0.8232		0.0003	1.1083		0.0004	1.1795		0.4111	1.2362	0.2677	0.2382
$EP_{Ability}$	-0.0019	-0.4711		0.0026	0.5096		-0.0003	-0.0368		0.6379	1.0633	0.6104	0.9706
$RP_{Ability}$	0.0018	0.4466		-0.0013	-0.3331		-0.0064	-1.1887		0.6555	1.1651	0.7391	0.2346
Gender	0.0038	0.7735		-0.0006	-0.1436		-0.0077	-1.3740		0.4398	1.1309	0.8858	0.1694
Audit Firm-Specific Variables													
Big4	0.0011	0.1933		0.0051	1.1838		-0.0011	-0.1717		0.8468	2.1011	0.2365	0.8636
IndExp	-0.0029	-0.3726		0.0100	1.5089		-0.0091	-0.9738		0.7097	1.7246	0.1313	0.3302
Office	-0.0001	-0.1090		0.0003	0.2862		0.0006	0.5183		0.9133	2.4497	0.7747	0.6043
Client-Specific Variables													
Age	-0.0022	-1.3089		-0.0034	-2.0416	**	-0.0007	-0.2919		0.1916	1.4336	0.0412	0.7704
Size	0.0014	0.8809		0.0001	0.1166		0.0008	0.5455		0.3791	2.8479	0.9072	0.5854
OCF	0.0734	2.2544	**	-0.2108	-9.6315	***	-0.1852	-8.1690	***	0.0249	1.8839	0.0000	0.0000
Lev	-0.1207	-2.8329	***	0.3247	10.2464	***	0.2716	9.0461	***	0.0049	6.9375	0.0000	0.0000
pBank	0.0217	3.6179	***	-0.0547	-11.0175	***	-0.0492	-10.6728	***	0.0003	8.4098	0.0000	0.0000
Growth	0.0029	0.4316		0.0037	0.5381		-0.0026	-0.3179		0.6663	1.2386	0.5905	0.7506
MB	-0.0028	-2.6049	***	-0.0014	-1.6004		0.0016	1.3535		0.0097	1.3906	0.1095	0.1759
AbsTA	0.1792	4.4892	***	0.1766	7.9844	***	-0.0937	-2.7971	***	0.0000	1.7874	0.0000	0.0052
AC	-0.0115	-2.8692	***	-0.0078	-2.0526	**	0.0086	1.6897	*	0.0044	1.5849	0.0401	0.0911
Lag	0.0098	2.0637	**	0.0015	0.3147		-0.0064	-0.8547		0.0399	1.4445	0.7530	0.3927
Busy	0.0009	0.2289		0.0023	0.5161		-0.0032	-0.4803		0.8191	1.1420	0.6058	0.6310
Intercept	0.0886	2.1048	**	-0.2124	-6.1159	***	-0.2400	-4.8985	***	0.0361	-	0.0000	0.0000
Adj. R^2	0.3269			-			-						
Number of Obs.	862			473			389						

Appendix 277: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Long} and RPT_{Long} (*Less FT ≤ 3*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long}	-0.0018	-0.3966		-0.0021	-0.4824		-0.0010	-0.1521		0.6919	1.1482	0.6295	0.8791
RPT_{Long}	-0.0002	-0.0480		-0.0027	-0.6620		0.0029	0.4485		0.9618	1.1087	0.5080	0.6538
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.4162		-0.0004	-1.1560		-0.0005	-1.2124		0.6776	1.3527	0.2477	0.2254
RP_{Exp}	-0.0002	-0.8056		0.0002	0.8913		0.0004	1.0175		0.4211	1.2236	0.3728	0.3089
$EP_{Ability}$	-0.0019	-0.4798		0.0025	0.4876		-0.0003	-0.0461		0.6317	1.0632	0.6258	0.9632
$RP_{Ability}$	0.0018	0.4611		-0.0016	-0.3985		-0.0065	-1.2062		0.6451	1.1605	0.6902	0.2277
Gender	0.0038	0.7755		-0.0004	-0.0951		-0.0076	-1.3567		0.4386	1.1304	0.9242	0.1749
Audit Firm-Specific Variables													
Big4	0.0010	0.1746		0.0047	1.0809		-0.0014	-0.2065		0.8615	2.1038	0.2797	0.8364
IndExp	-0.0030	-0.3823		0.0096	1.4522		-0.0089	-0.9555		0.7025	1.7255	0.1464	0.3393
Office	-0.0001	-0.1374		0.0003	0.3925		0.0007	0.6386		0.8908	2.4180	0.6947	0.5231
Client-Specific Variables													
Age	-0.0022	-1.3080		-0.0032	-1.9741	**	-0.0006	-0.2465		0.1919	1.4230	0.0484	0.8053
Size	0.0014	0.8594		0.0002	0.1826		0.0009	0.5955		0.3908	2.8348	0.8551	0.5515
OCF	0.0726	2.2230	**	-0.2111	-9.6266	***	-0.1861	-8.2166	***	0.0270	1.8870	0.0000	0.0000
Lev	-0.1193	-2.7904	***	0.3251	10.2568	***	0.2696	8.9983	***	0.0056	6.8665	0.0000	0.0000
pBank	0.0215	3.5625	***	-0.0548	-11.0318	***	-0.0490	-10.6266	***	0.0004	8.3231	0.0000	0.0000
Growth	0.0030	0.4494		0.0035	0.4974		-0.0027	-0.3332		0.6535	1.2395	0.6189	0.7390
MB	-0.0029	-2.6194	***	-0.0014	-1.6462	*	0.0015	1.3147		0.0093	1.3868	0.0997	0.1886
AbsTA	0.1800	4.5212	***	0.1783	8.0665	***	-0.0928	-2.7683	***	0.0000	1.7823	0.0000	0.0056
AC	-0.0116	-2.8764	***	-0.0078	-2.0463	**	0.0084	1.6606	*	0.0043	1.5861	0.0407	0.0968
Lag	0.0097	2.0613	**	0.0016	0.3353		-0.0064	-0.8411		0.0401	1.4459	0.7374	0.4003
Busy	0.0009	0.2376		0.0024	0.5359		-0.0035	-0.5272		0.8123	1.1412	0.5920	0.5980
Intercept	0.0876	2.0764	**	-0.2130	-6.1461	***	-0.2390	-4.8777	***	0.0387	-	0.0000	0.0000
Adj. R^2	0.3269			-			-						
Number of Obs.	862			473			389						

Appendix 278: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short2} and RPT_{Short2} (*Less FT* ≤ *3*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short2}	-0.0019	-0.5852		-0.0001	-0.0243		0.0036	0.8193		0.5589	1.1577	0.9806	0.4126
RPT_{Short2}	-0.0008	-0.2746		0.0055	1.7423	*	0.0093	2.1318	**	0.7838	1.1202	0.0815	0.0330
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.1825		-0.0004	-1.2782		-0.0004	-0.9645		0.8553	1.3654	0.2012	0.3348
RP_{Exp}	-0.0002	-0.8532		0.0003	1.1525		0.0005	1.3868		0.3942	1.2185	0.2491	0.1655
$EP_{Ability}$	-0.0019	-0.4839		0.0027	0.5140		0.0007	0.0909		0.6288	1.0641	0.6072	0.9276
$RP_{Ability}$	0.0017	0.4361		-0.0012	-0.2965		-0.0060	-1.1315		0.6631	1.1632	0.7669	0.2578
Gender	0.0040	0.7950		-0.0012	-0.2837		-0.0080	-1.4396		0.4272	1.1348	0.7767	0.1500
Audit Firm-Specific Variables													
Big4	0.0011	0.1979		0.0052	1.2022		-0.0013	-0.2023		0.8432	2.0983	0.2293	0.8397
IndExp	-0.0027	-0.3567		0.0102	1.5420		-0.0100	-1.0796		0.7216	1.7266	0.1231	0.2803
Office	-0.0001	-0.1021		0.0003	0.3693		0.0004	0.3142		0.9187	2.4288	0.7119	0.7533
Client-Specific Variables													
Age	-0.0022	-1.3010		-0.0034	-2.0618	**	-0.0011	-0.4929		0.1943	1.4345	0.0392	0.6221
Size	0.0015	0.8958		0.0000	0.0239		0.0007	0.4814		0.3711	2.8554	0.9809	0.6302
OCF	0.0736	2.2625	**	-0.2106	-9.6438	***	-0.1848	-8.2185	***	0.0244	1.8832	0.0000	0.0000
Lev	-0.1216	-2.8226	***	0.3238	10.2561	***	0.2768	9.2626	***	0.0051	6.9183	0.0000	0.0000
pBank	0.0218	3.5941	***	-0.0546	-11.0401	***	-0.0500	-10.8910	***	0.0004	8.3910	0.0000	0.0000
Growth	0.0030	0.4585		0.0033	0.4734		-0.0027	-0.3366		0.6469	1.2395	0.6359	0.7364
MB	-0.0028	-2.6378	***	-0.0014	-1.5837		0.0016	1.3779		0.0088	1.3895	0.1133	0.1682
AbsTA	0.1789	4.5104	***	0.1772	8.0349	***	-0.0923	-2.7721	***	0.0000	1.7842	0.0000	0.0056
AC	-0.0115	-2.8577	***	-0.0079	-2.0928	**	0.0093	1.8331	*	0.0046	1.5864	0.0364	0.0668
Lag	0.0098	2.0680	**	0.0012	0.2474		-0.0059	-0.7887		0.0395	1.4439	0.8046	0.4303
Busy	0.0008	0.2187		0.0025	0.5468		-0.0021	-0.3234		0.8271	1.1439	0.5845	0.7464
Intercept	0.0889	2.1079	**	-0.2108	-6.0836	***	-0.2452	-5.0398	***	0.0359	-	0.0000	0.0000
Adj. R^2	0.3272			-			-						
Number of Obs.	862			473			389						

Appendix 279: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Long5} and RPT_{Long5} (*Less FT* ≤ *3*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long5}	0.0031	0.8095		0.0019	0.5185		-0.0046	-0.8696		0.4189	1.2179	0.6041	0.3845
RPT_{Long5}	0.0044	1.2522		-0.0011	-0.3295		-0.0047	-0.9673		0.2115	1.1411	0.7418	0.3334
Audit Partner-Specific Variables													
EP_{Exp}	0.0000	0.0602		-0.0005	-1.4842		-0.0004	-1.0118		0.9520	1.3836	0.1378	0.3117
RP_{Exp}	-0.0003	-1.0378		0.0002	0.8485		0.0005	1.2357		0.3002	1.2353	0.3962	0.2166
$EP_{Ability}$	-0.0019	-0.4670		0.0026	0.5034		-0.0010	-0.1376		0.6408	1.0636	0.6147	0.8906
$RP_{Ability}$	0.0016	0.4178		-0.0015	-0.3834		-0.0062	-1.1560		0.6764	1.1636	0.7014	0.2477
Gender	0.0038	0.7788		-0.0005	-0.1202		-0.0074	-1.3224		0.4367	1.1294	0.9043	0.1860
Audit Firm-Specific Variables													
Big4	0.0009	0.1719		0.0050	1.1598		-0.0019	-0.2974		0.8636	2.0988	0.2461	0.7662
IndExp	-0.0031	-0.3992		0.0098	1.4826		-0.0085	-0.9064		0.6900	1.7247	0.1382	0.3647
Office	0.0000	-0.0134		0.0003	0.3549		0.0007	0.5845		0.9893	2.4421	0.7227	0.5589
Client-Specific Variables													
Age	-0.0022	-1.3029		-0.0032	-1.9610	**	-0.0004	-0.1924		0.1936	1.4243	0.0499	0.8474
Size	0.0015	0.9056		0.0003	0.2359		0.0008	0.5321		0.3659	2.8381	0.8135	0.5947
OCF	0.0747	2.3253	**	-0.2094	-9.5264	***	-0.1858	-8.2277	***	0.0207	1.8868	0.0000	0.0000
Lev	-0.1244	-2.9372	***	0.3224	10.0894	***	0.2705	9.0550	***	0.0036	6.9285	0.0000	0.0000
pBank	0.0221	3.7232	***	-0.0544	-10.8906	***	-0.0490	-10.6785	***	0.0002	8.3783	0.0000	0.0000
Growth	0.0023	0.3452		0.0038	0.5426		-0.0015	-0.1849		0.7301	1.2423	0.5874	0.8533
MB	-0.0029	-2.6496	***	-0.0014	-1.5906		0.0015	1.3045		0.0085	1.3888	0.1117	0.1921
AbsTA	0.1778	4.4896	***	0.1760	7.9242	***	-0.0939	-2.8089	***	0.0000	1.7875	0.0000	0.0050
AC	-0.0113	-2.8085	***	-0.0078	-2.0500	**	0.0081	1.6016		0.0053	1.5882	0.0404	0.1092
Lag	0.0101	2.1150	**	0.0019	0.3989		-0.0066	-0.8725		0.0353	1.4448	0.6900	0.3829
Busy	0.0006	0.1664		0.0023	0.5141		-0.0029	-0.4459		0.8680	1.1425	0.6072	0.6556
Intercept	0.0867	2.0671	**	-0.2127	-6.1332	***	-0.2360	-4.8317	***	0.0396	-	0.0000	0.0000
Adj. R^2	0.3291			-			-						
Number of Obs.	862			473			389						

Appendix 280: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *EPT* and *RPT* (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
EPT	0.0002	0.3361		0.0000	-0.0347		-0.0004	-0.4300		0.7370	1.2547	0.9724	0.6672	
RPT	0.0002	0.2250		-0.0010	-1.3321		-0.0010	-1.0185		0.8221	1.1889	0.1828	0.3084	
Audit Partner-Specific Variables														
EP_{Exp}	0.0001	0.6432		-0.0001	-0.3654		-0.0003	-0.8663		0.5206	1.3066	0.7148	0.3863	
RP_{Exp}	0.0000	0.1334		0.0004	1.7816	*	0.0006	2.1962	**	0.8939	1.2163	0.0748	0.0281	
$EP_{Ability}$	-0.0033	-1.0220		0.0000	0.0029		-0.0015	-0.2890		0.3075	1.0559	0.9977	0.7726	
$RP_{Ability}$	-0.0018	-0.5622		-0.0011	-0.3072		-0.0008	-0.1977		0.5743	1.1461	0.7587	0.8433	
Gender	0.0021	0.5492		0.0017	0.5127		0.0009	0.2121		0.5833	1.0950	0.6081	0.8321	
Audit Firm-Specific Variables														
Big4	0.0050	1.3651		0.0065	1.7989	*	0.0003	0.0678		0.1731	2.0618	0.0720	0.9459	
IndExp	0.0033	0.5265		0.0110	2.0274	**	-0.0007	-0.1040		0.5989	1.7008	0.0426	0.9172	
Office	-0.0005	-0.6954		-0.0006	-0.8387		-0.0008	-0.9423		0.4873	2.3125	0.4016	0.3460	
Client-Specific Variables														
Age	0.0002	0.1873		-0.0014	-1.0314		-0.0019	-1.1922		0.8516	1.4194	0.3023	0.2332	
Size	-0.0007	-0.6276		0.0007	0.6428		0.0009	0.8140		0.5307	2.9324	0.5204	0.4156	
OCF	-0.0161	-0.5484		-0.2066	-11.9457	***	-0.1766	-9.5379	***	0.5838	1.5345	0.0000	0.0000	
Lev	0.0073	0.1760		0.2854	10.6956	***	0.3093	10.2764	***	0.8604	#####	0.0000	0.0000	
pBank	-0.0015	-0.2222		-0.0508	-12.1581	***	-0.0524	-11.4494	***	0.8243	#####	0.0000	0.0000	
Growth	0.0046	1.0148		-0.0046	-0.9338		-0.0047	-0.7673		0.3109	1.2082	0.3504	0.4429	
MB	-0.0004	-0.5028		-0.0004	-0.6344		0.0005	0.5864		0.6154	1.2353	0.5258	0.5576	
AbsTA	0.0637	1.8852	*	0.1277	6.3777	***	0.0119	0.4267		0.0603	1.3794	0.0000	0.6696	
AC	-0.0050	-1.6460		-0.0057	-1.6959	*	0.0074	1.9566	*	0.1007	1.6345	0.0899	0.0504	
Lag	0.0079	1.8096	*	0.0050	1.1696		-0.0061	-1.1041		0.0712	1.4279	0.2422	0.2696	
Busy	-0.0010	-0.3343		-0.0020	-0.5600		-0.0044	-0.9425		0.7384	1.0761	0.5755	0.3459	
Intercept	0.0114	0.2730		-0.2029	-6.6326	***	-0.2303	-6.2718	***	0.7850	-	0.0000	0.0000	
Adj. R^2	0.1385			-			-							
Number of Obs.	1080			656			538							

Appendix 281: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short} and RPT_{Short} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short}	-0.0017	-0.6330		-0.0011	-0.3595		0.0023	0.6156		0.5272	1.2720	0.7192	0.5382
RPT_{Short}	0.0002	0.0689		0.0045	1.5433		0.0028	0.7838		0.9451	1.2071	0.1228	0.4332
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.6082		-0.0001	-0.5141		-0.0003	-0.8594		0.5435	1.2735	0.6072	0.3901
RP_{Exp}	0.0000	0.2014		0.0004	1.8178	*	0.0006	2.1312	**	0.8405	1.1965	0.0691	0.0331
$EP_{Ability}$	-0.0033	-1.0150		0.0002	0.0405		-0.0015	-0.2981		0.3108	1.0554	0.9677	0.7656
$RP_{Ability}$	-0.0018	-0.5780		-0.0012	-0.3335		-0.0008	-0.1979		0.5636	1.1472	0.7388	0.8431
Gender	0.0021	0.5522		0.0019	0.5564		0.0008	0.1922		0.5812	1.0945	0.5780	0.8476
Audit Firm-Specific Variables													
Big4	0.0049	1.3606		0.0065	1.8015	*	0.0006	0.1280		0.1745	2.0574	0.0716	0.8982
IndExp	0.0033	0.5260		0.0111	2.0541	**	-0.0005	-0.0728		0.5992	1.7007	0.0400	0.9420
Office	-0.0005	-0.7013		-0.0006	-0.8741		-0.0008	-0.9324		0.4836	2.3141	0.3821	0.3511
Client-Specific Variables													
Age	0.0002	0.1622		-0.0013	-1.0218		-0.0018	-1.1499		0.8713	1.4192	0.3069	0.2502
Size	-0.0007	-0.6291		0.0007	0.6857		0.0010	0.8269		0.5297	2.9317	0.4929	0.4083
OCF	-0.0158	-0.5330		-0.2074	-11.9887	***	-0.1768	-9.5403	***	0.5944	1.5373	0.0000	0.0000
Lev	0.0071	0.1716		0.2849	10.6576	***	0.3094	10.2748	***	0.8639	#####	0.0000	0.0000
pBank	-0.0015	-0.2195		-0.0507	-12.1328	***	-0.0524	-11.4471	***	0.8264	#####	0.0000	0.0000
Growth	0.0046	1.0076		-0.0044	-0.8786		-0.0050	-0.8099		0.3144	1.2086	0.3796	0.4180
MB	-0.0004	-0.5000		-0.0004	-0.6450		0.0005	0.6094		0.6174	1.2342	0.5189	0.5423
AbsTA	0.0634	1.8718	*	0.1268	6.3383	***	0.0122	0.4381		0.0621	1.3790	0.0000	0.6613
AC	-0.0050	-1.6406		-0.0059	-1.7412	*	0.0072	1.9076	*	0.1018	1.6313	0.0817	0.0564
Lag	0.0078	1.7881	*	0.0051	1.1739		-0.0062	-1.1094		0.0746	1.4261	0.2404	0.2672
Busy	-0.0010	-0.3305		-0.0020	-0.5591		-0.0045	-0.9727		0.7412	1.0760	0.5761	0.3307
Intercept	0.0141	0.3265		-0.2082	-6.8258	***	-0.2380	-6.4019	***	0.7443	-	0.0000	0.0000
Adj. R^2	0.1387			-			-						
Number of Obs.	1080			656			538						

Appendix 282: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Long} and RPT_{Long} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
EPT_{Long}	-0.0001	-0.0193		-0.0025	-0.5486		-0.0009	-0.1516		0.9846	1.1277	0.5833	0.8795	
RPT_{Long}	0.0001	0.0277		-0.0020	-0.4880		-0.0011	-0.2039		0.9779	1.1083	0.6255	0.8384	
Audit Partner-Specific Variables														
EP_{Exp}	0.0002	0.7836		-0.0001	-0.2855		-0.0003	-0.9699		0.4338	1.2581	0.7753	0.3321	
RP_{Exp}	0.0000	0.1731		0.0003	1.5494		0.0006	2.0468	**	0.8627	1.1935	0.1213	0.0407	
$EP_{Ability}$	-0.0033	-1.0413		-0.0001	-0.0233		-0.0013	-0.2497		0.2985	1.0572	0.9814	0.8028	
$RP_{Ability}$	-0.0018	-0.5486		-0.0014	-0.3930		-0.0008	-0.1923		0.5837	1.1475	0.6943	0.8475	
Gender	0.0021	0.5443		0.0020	0.5946		0.0009	0.2081		0.5866	1.0962	0.5521	0.8352	
Audit Firm-Specific Variables														
Big4	0.0049	1.3385		0.0064	1.7531	*	0.0006	0.1193		0.1816	2.0637	0.0796	0.9050	
IndExp	0.0033	0.5271		0.0108	1.9880	**	-0.0006	-0.0797		0.5985	1.7022	0.0468	0.9365	
Office	-0.0005	-0.7018		-0.0006	-0.7766		-0.0008	-0.9016		0.4833	2.3091	0.4374	0.3673	
Client-Specific Variables														
Age	0.0002	0.1936		-0.0013	-0.9860		-0.0018	-1.1377		0.8466	1.4149	0.3241	0.2553	
Size	-0.0007	-0.6290		0.0007	0.6472		0.0009	0.7858		0.5298	2.9325	0.5175	0.4320	
OCF	-0.0163	-0.5564		-0.2067	-11.9386	***	-0.1770	-9.5515	***	0.5783	1.5333	0.0000	0.0000	
Lev	0.0077	0.1865		0.2851	10.6753	***	0.3066	10.2009	***	0.8522	#####	0.0000	0.0000	
pBank	-0.0016	-0.2296		-0.0508	-12.1479	***	-0.0520	-11.3765	***	0.8186	#####	0.0000	0.0000	
Growth	0.0046	1.0087		-0.0045	-0.8999		-0.0050	-0.8041		0.3138	1.2081	0.3682	0.4214	
MB	-0.0004	-0.5116		-0.0004	-0.6347		0.0005	0.6469		0.6092	1.2335	0.5256	0.5177	
AbsTA	0.0640	1.8840	*	0.1276	6.3825	***	0.0116	0.4171		0.0604	1.3764	0.0000	0.6766	
AC	-0.0050	-1.6618	*	-0.0057	-1.6968	*	0.0074	1.9499	*	0.0975	1.6331	0.0897	0.0512	
Lag	0.0078	1.7936	*	0.0052	1.2159		-0.0063	-1.1261		0.0738	1.4310	0.2240	0.2601	
Busy	-0.0010	-0.3222		-0.0020	-0.5526		-0.0051	-1.0910		0.7475	1.0751	0.5805	0.2753	
Intercept	0.0125	0.2972		-0.2068	-6.7951	***	-0.2312	-6.2783	***	0.7665	-	0.0000	0.0000	
Adj. R^2	0.1383			-			-							
Number of Obs.	1080			656			538							

Appendix 283: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short2} and RPT_{Short2} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short2}	0.0003	0.1025		0.0001	0.0449		-0.0017	-0.4861		0.9184	1.2941	0.9641	0.6269
RPT_{Short2}	-0.0005	-0.2270		0.0031	1.1263		0.0049	1.4494		0.8206	1.2408	0.2600	0.1472
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.8037		-0.0001	-0.3922		-0.0003	-1.0778		0.4221	1.2642	0.6949	0.2811
RP_{Exp}	0.0000	0.1466		0.0004	1.6833	*	0.0006	2.2053	**	0.8836	1.1838	0.0923	0.0274
$EP_{Ability}$	-0.0034	-1.0471		0.0000	-0.0098		-0.0011	-0.2268		0.2958	1.0554	0.9922	0.8206
$RP_{Ability}$	-0.0018	-0.5534		-0.0010	-0.2916		-0.0007	-0.1711		0.5804	1.1473	0.7706	0.8642
Gender	0.0021	0.5367		0.0016	0.4815		0.0009	0.2049		0.5919	1.0965	0.6302	0.8376
Audit Firm-Specific Variables													
Big4	0.0049	1.3459		0.0065	1.8049	*	0.0006	0.1227		0.1792	2.0580	0.0711	0.9023
IndExp	0.0033	0.5315		0.0108	1.9906	**	-0.0010	-0.1328		0.5954	1.6996	0.0465	0.8944
Office	-0.0005	-0.7004		-0.0005	-0.7712		-0.0009	-0.9854		0.4841	2.3080	0.4406	0.3244
Client-Specific Variables													
Age	0.0002	0.2128		-0.0013	-1.0260		-0.0021	-1.3303		0.8316	1.4274	0.3049	0.1834
Size	-0.0007	-0.6293		0.0006	0.5998		0.0009	0.8118		0.5296	2.9347	0.5486	0.4169
OCF	-0.0164	-0.5539		-0.2063	-11.9208	***	-0.1754	-9.4672	***	0.5800	1.5382	0.0000	0.0000
Lev	0.0075	0.1815		0.2840	10.6369	***	0.3079	10.2168	***	0.8561	#####	0.0000	0.0000
pBank	-0.0015	-0.2226		-0.0507	-12.1265	***	-0.0522	-11.3951	***	0.8240	#####	0.0000	0.0000
Growth	0.0046	1.0197		-0.0047	-0.9466		-0.0052	-0.8572		0.3086	1.2101	0.3438	0.3913
MB	-0.0004	-0.5166		-0.0005	-0.6626		0.0005	0.6525		0.6058	1.2351	0.5076	0.5141
AbsTA	0.0641	1.8858	*	0.1279	6.3942	***	0.0102	0.3653		0.0602	1.3772	0.0000	0.7149
AC	-0.0050	-1.6651	*	-0.0056	-1.6693	*	0.0079	2.0752	**	0.0968	1.6339	0.0951	0.0380
Lag	0.0078	1.7914	*	0.0051	1.1917		-0.0059	-1.0689		0.0741	1.4248	0.2334	0.2851
Busy	-0.0010	-0.3277		-0.0021	-0.5865		-0.0043	-0.9266		0.7433	1.0753	0.5576	0.3541
Intercept	0.0128	0.2980		-0.2070	-6.7994	***	-0.2346	-6.3238	***	0.7659	-	0.0000	0.0000
Adj. R^2	0.1383			-			-						
Number of Obs.	1080			656			538						

Appendix 284: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Long5} and RPT_{Long5} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long5}	0.0011	0.3788		0.0013	0.3592		-0.0028	-0.6265		0.7051	1.2252	0.7194	0.5310
RPT_{Long5}	0.0041	1.3307		-0.0019	-0.5674		-0.0072	-1.7239	*	0.1842	1.1635	0.5704	0.0847
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.6052		-0.0001	-0.5390		-0.0003	-0.9219		0.5454	1.2763	0.5899	0.3566
RP_{Exp}	0.0000	-0.0611		0.0003	1.5829		0.0006	2.2487	**	0.9513	1.2029	0.1135	0.0245
$EP_{Ability}$	-0.0033	-1.0089		0.0001	0.0307		-0.0018	-0.3625		0.3137	1.0574	0.9755	0.7170
$RP_{Ability}$	-0.0018	-0.5554		-0.0013	-0.3663		-0.0008	-0.2003		0.5790	1.1460	0.7142	0.8412
Gender	0.0019	0.5082		0.0019	0.5594		0.0007	0.1803		0.6117	1.0950	0.5759	0.8569
Audit Firm-Specific Variables													
Big4	0.0049	1.3526		0.0066	1.8341	*	0.0000	0.0017		0.1771	2.0576	0.0666	0.9986
IndExp	0.0030	0.4787		0.0109	2.0060	**	-0.0006	-0.0810		0.6324	1.7024	0.0449	0.9355
Office	-0.0005	-0.6101		-0.0006	-0.8422		-0.0008	-0.9175		0.5422	2.3213	0.3997	0.3589
Client-Specific Variables													
Age	0.0002	0.1431		-0.0013	-1.0046		-0.0017	-1.0453		0.8863	1.4164	0.3151	0.2959
Size	-0.0007	-0.6328		0.0007	0.6876		0.0009	0.8205		0.5273	2.9316	0.4917	0.4119
OCF	-0.0159	-0.5421		-0.2069	-11.9412	***	-0.1769	-9.5850	***	0.5881	1.5333	0.0000	0.0000
Lev	0.0063	0.1544		0.2849	10.6423	***	0.3087	10.3062	***	0.8774	#####	0.0000	0.0000
pBank	-0.0015	-0.2134		-0.0507	-12.1301	***	-0.0522	-11.4645	***	0.8312	#####	0.0000	0.0000
Growth	0.0045	0.9779		-0.0042	-0.8462		-0.0043	-0.7077		0.3288	1.2085	0.3974	0.4791
MB	-0.0004	-0.4960		-0.0004	-0.6299		0.0004	0.5466		0.6202	1.2353	0.5287	0.5847
AbsTA	0.0636	1.8963	*	0.1266	6.3257	***	0.0107	0.3869		0.0588	1.3778	0.0000	0.6989
AC	-0.0048	-1.5910		-0.0058	-1.7175	*	0.0070	1.8515	*	0.1125	1.6358	0.0859	0.0641
Lag	0.0082	1.8864	*	0.0054	1.2507		-0.0065	-1.1667		0.0601	1.4321	0.2110	0.2433
Busy	-0.0013	-0.4063		-0.0021	-0.5655		-0.0041	-0.8878		0.6848	1.0778	0.5717	0.3747
Intercept	0.0108	0.2570		-0.2071	-6.8038	***	-0.2314	-6.3087	***	0.7973	-	0.0000	0.0000
Adj. R^2	0.1405			-			-						
Number of Obs.	1080			656			538						

Appendix 285: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *EPT* and *RPT* (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT	0.0002	0.2729		-0.0005	-0.6844		-0.0014	-1.2322		0.7851	1.2657	0.4937	0.2179
RPT	0.0005	0.6090		0.0003	0.3818		0.0001	0.0588		0.5429	1.2048	0.7026	0.9531
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.7474		0.0000	0.0969		-0.0003	-0.9737		0.4553	1.2847	0.9228	0.3302
RP_{Exp}	-0.0003	-1.3679		-0.0001	-0.4023		0.0001	0.4453		0.1722	1.1949	0.6874	0.6561
$EP_{Ability}$	-0.0017	-0.4604		0.0014	0.3470		-0.0013	-0.2190		0.6455	1.0484	0.7286	0.8267
$RP_{Ability}$	-0.0010	-0.2672		-0.0026	-0.7891		-0.0023	-0.5066		0.7895	1.1442	0.4301	0.6124
Gender	0.0024	0.5670		0.0004	0.1179		-0.0034	-0.7437		0.5710	1.0772	0.9062	0.4570
Audit Firm-Specific Variables													
Big4	0.0078	1.9074	*	0.0047	1.3159		-0.0126	-2.4486	**	0.0573	2.0374	0.1882	0.0143
IndExp	0.0067	1.0752		0.0110	2.1012	**	-0.0137	-1.7976	*	0.2830	1.6673	0.0356	0.0722
Office	-0.0006	-0.7833		0.0000	-0.0305		0.0006	0.6080		0.4340	2.3094	0.9757	0.5432
Client-Specific Variables													
Age	-0.0017	-1.1857		-0.0029	-2.4134	**	0.0008	0.4770		0.2365	1.3792	0.0158	0.6333
Size	0.0019	1.4509		-0.0003	-0.3152		-0.0011	-0.8452		0.1477	2.8490	0.7526	0.3980
OCF	0.0300	1.0931		-0.1969	-12.8915	***	-0.1878	-9.9463	***	0.2751	1.7456	0.0000	0.0000
Lev	-0.1052	-2.5995	***	0.3264	11.8129	***	0.2605	10.2135	***	0.0097	7.4475	0.0000	0.0000
pBank	0.0178	2.9975	***	-0.0551	-13.1606	***	-0.0487	-12.6984	***	0.0029	9.0465	0.0000	0.0000
Growth	-0.0014	-0.2645		0.0099	1.8883	*	0.0071	1.1715		0.7916	1.2007	0.0590	0.2414
MB	-0.0008	-0.9205		-0.0010	-1.5668		0.0003	0.3300		0.3579	1.2354	0.1172	0.7414
AbsTA	0.1666	4.3624	***	0.1584	9.2356	***	-0.0733	-2.7563	***	0.0000	1.6269	0.0000	0.0058
AC	-0.0084	-2.4282	**	-0.0028	-0.9010		0.0091	2.1790	**	0.0157	1.6159	0.3676	0.0293
Lag	0.0143	3.3688	***	0.0044	1.1092		-0.0172	-2.9765	***	0.0008	1.4188	0.2673	0.0029
Busy	-0.0014	-0.3723		-0.0059	-1.6123		-0.0034	-0.6789		0.7099	1.0774	0.1069	0.4972
Intercept	0.0477	1.2263		-0.2128	-7.2418	***	-0.1544	-4.0155	***	0.2209	-	0.0000	0.0001
Adj. R^2	0.3017			-			-						
Number of Obs.	1270			707			563						

Appendix 286: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on EPT_{Short} and RPT_{Short} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short}	-0.0017	-0.5622		0.0007	0.2403		0.0057	1.3259		0.5743	1.2627	0.8101	0.1849
RPT_{Short}	-0.0030	-1.1106		-0.0035	-1.2587		-0.0015	-0.3722		0.2675	1.2014	0.2081	0.7097
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.7045		0.0000	-0.0832		-0.0003	-0.9619		0.4816	1.2563	0.9337	0.3361
RP_{Exp}	-0.0003	-1.4061		-0.0001	-0.5598		0.0001	0.4131		0.1605	1.1745	0.5756	0.6795
$EP_{Ability}$	-0.0016	-0.4502		0.0015	0.3569		-0.0013	-0.2169		0.6529	1.0482	0.7212	0.8283
$RP_{Ability}$	-0.0011	-0.2867		-0.0027	-0.8284		-0.0024	-0.5336		0.7745	1.1446	0.4074	0.5936
Gender	0.0024	0.5729		0.0006	0.1849		-0.0031	-0.6923		0.5670	1.0766	0.8533	0.4888
Audit Firm-Specific Variables													
Big4	0.0078	1.9062	*	0.0049	1.3576		-0.0126	-2.4391	**	0.0574	2.0313	0.1746	0.0147
IndExp	0.0066	1.0537		0.0107	2.0488	**	-0.0137	-1.7946	*	0.2927	1.6676	0.0405	0.0727
Office	-0.0006	-0.7612		0.0000	-0.0059		0.0006	0.6325		0.4470	2.3087	0.9953	0.5270
Client-Specific Variables													
Age	-0.0017	-1.1973		-0.0029	-2.3817	**	0.0009	0.5285		0.2320	1.3779	0.0172	0.5971
Size	0.0019	1.4437		-0.0003	-0.3048		-0.0011	-0.8625		0.1497	2.8485	0.7605	0.3884
OCF	0.0301	1.1008		-0.1962	-12.8598	***	-0.1881	-9.9630	***	0.2717	1.7459	0.0000	0.0000
Lev	-0.1063	-2.6387	***	0.3240	11.7324	***	0.2593	10.1730	***	0.0087	7.4560	0.0000	0.0000
pBank	0.0179	3.0358	***	-0.0547	-13.0778	***	-0.0485	-12.6574	***	0.0026	9.0567	0.0000	0.0000
Growth	-0.0014	-0.2641		0.0103	1.9736	**	0.0072	1.1932		0.7919	1.2002	0.0484	0.2328
MB	-0.0008	-0.9164		-0.0010	-1.5475		0.0003	0.3383		0.3600	1.2340	0.1217	0.7351
AbsTA	0.1663	4.3632	***	0.1577	9.2163	***	-0.0749	-2.8196	***	0.0000	1.6235	0.0000	0.0048
AC	-0.0083	-2.4141	**	-0.0028	-0.8950		0.0091	2.1798	**	0.0163	1.6131	0.3708	0.0293
Lag	0.0143	3.3656	***	0.0048	1.2026		-0.0172	-2.9924	***	0.0008	1.4178	0.2291	0.0028
Busy	-0.0014	-0.3893		-0.0058	-1.5878		-0.0037	-0.7344		0.6973	1.0765	0.1123	0.4627
Intercept	0.0537	1.3627		-0.2114	-7.1715	***	-0.1596	-4.1420	***	0.1738	-	0.0000	0.0000
Adj. R^2	0.3026			-			-						
Number of Obs.	1270			707			563						

Appendix 287: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA*+ and *DA*- on EPT_{Long} and RPT_{Long} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long}	-0.0019	-0.4396		-0.0072	-1.6218		-0.0045	-0.7244		0.6605	1.1309	0.1049	0.4688
RPT_{Long}	0.0029	0.7864		0.0016	0.4020		-0.0027	-0.4395		0.4321	1.1041	0.6877	0.6603
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9471		0.0001	0.3099		-0.0004	-1.2040		0.3442	1.2342	0.7567	0.2286
RP_{Exp}	-0.0003	-1.3578		-0.0001	-0.4221		0.0001	0.4897		0.1754	1.1693	0.6730	0.6243
$EP_{Ability}$	-0.0018	-0.4781		0.0014	0.3449		-0.0010	-0.1786		0.6329	1.0479	0.7302	0.8583
$RP_{Ability}$	-0.0009	-0.2401		-0.0030	-0.9100		-0.0024	-0.5368		0.8104	1.1426	0.3628	0.5914
Gender	0.0024	0.5645		0.0006	0.1928		-0.0034	-0.7393		0.5728	1.0773	0.8471	0.4597
Audit Firm-Specific Variables													
Big4	0.0077	1.8825	*	0.0044	1.2326		-0.0126	-2.4437	**	0.0606	2.0410	0.2177	0.0145
IndExp	0.0067	1.0739		0.0110	2.1039	**	-0.0137	-1.7988	*	0.2836	1.6667	0.0354	0.0721
Office	-0.0006	-0.7809		0.0000	0.0241		0.0005	0.5926		0.4354	2.3062	0.9807	0.5535
Client-Specific Variables													
Age	-0.0017	-1.1821		-0.0029	-2.4150	**	0.0008	0.4703		0.2379	1.3761	0.0157	0.6381
Size	0.0019	1.4489		-0.0004	-0.3699		-0.0011	-0.8382		0.1482	2.8491	0.7115	0.4019
OCF	0.0298	1.0851		-0.1976	-12.9558	***	-0.1884	-9.9744	***	0.2786	1.7463	0.0000	0.0000
Lev	-0.1044	-2.5920	***	0.3267	11.8665	***	0.2598	10.1929	***	0.0099	7.4199	0.0000	0.0000
pBank	0.0176	2.9874	***	-0.0552	-13.2379	***	-0.0486	-12.6731	***	0.0030	9.0107	0.0000	0.0000
Growth	-0.0015	-0.2755		0.0096	1.8514	*	0.0072	1.1913		0.7831	1.2000	0.0641	0.2335
MB	-0.0008	-0.9312		-0.0009	-1.5112		0.0003	0.3689		0.3524	1.2321	0.1307	0.7122
AbsTA	0.1672	4.3836	***	0.1590	9.3141	***	-0.0748	-2.8147	***	0.0000	1.6192	0.0000	0.0049
AC	-0.0084	-2.4422	**	-0.0028	-0.8913		0.0092	2.2080	**	0.0151	1.6139	0.3728	0.0272
Lag	0.0142	3.3401	***	0.0039	0.9646		-0.0172	-2.9787	***	0.0009	1.4181	0.3348	0.0029
Busy	-0.0013	-0.3589		-0.0060	-1.6608	*	-0.0032	-0.6408		0.7199	1.0752	0.0968	0.5217
Intercept	0.0492	1.2532		-0.2113	-7.2103	***	-0.1563	-4.0676	***	0.2110	-	0.0000	0.0000
Adj. R^2	0.3016			-			-						
Number of Obs.	1270			707			563						

Appendix 288: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA*+ and *DA*- on EPT_{Short2} and RPT_{Short2} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Short2}	-0.0005	-0.1814		0.0023	0.8242		0.0038	0.9997		0.8561	1.2957	0.4098	0.3175
RPT_{Short2}	0.0000	-0.0149		0.0019	0.7168		0.0002	0.0634		0.9881	1.2469	0.4735	0.9494
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.8386		0.0000	0.1335		-0.0004	-1.0492		0.4022	1.2525	0.8938	0.2941
RP_{Exp}	-0.0003	-1.2714		0.0000	-0.1786		0.0002	0.5189		0.2044	1.1712	0.8583	0.6038
$EP_{Ability}$	-0.0017	-0.4697		0.0014	0.3462		-0.0012	-0.2117		0.6389	1.0483	0.7292	0.8324
$RP_{Ability}$	-0.0010	-0.2531		-0.0023	-0.7097		-0.0025	-0.5490		0.8003	1.1448	0.4779	0.5830
Gender	0.0024	0.5616		0.0000	0.0130		-0.0034	-0.7486		0.5747	1.0787	0.9897	0.4541
Audit Firm-Specific Variables													
Big4	0.0077	1.8923	*	0.0048	1.3427		-0.0124	-2.4161	**	0.0593	2.0317	0.1794	0.0157
IndExp	0.0068	1.0843		0.0112	2.1380	**	-0.0138	-1.8028	*	0.2789	1.6673	0.0325	0.0714
Office	-0.0007	-0.8012		0.0000	-0.0530		0.0005	0.5912		0.4235	2.3061	0.9578	0.5544
Client-Specific Variables													
Age	-0.0018	-1.1901		-0.0031	-2.5216	**	0.0008	0.4606		0.2348	1.3823	0.0117	0.6451
Size	0.0019	1.4479		-0.0003	-0.3159		-0.0012	-0.9144		0.1485	2.8503	0.7521	0.3605
OCF	0.0299	1.0888		-0.1970	-12.9108	***	-0.1879	-9.9502	***	0.2770	1.7458	0.0000	0.0000
Lev	-0.1041	-2.5719	**	0.3289	11.9272	***	0.2608	10.2217	***	0.0105	7.4278	0.0000	0.0000
pBank	0.0176	2.9683	***	-0.0555	-13.2739	***	-0.0487	-12.6936	***	0.0032	9.0283	0.0000	0.0000
Growth	-0.0015	-0.2713		0.0094	1.8128	*	0.0068	1.1174		0.7863	1.2037	0.0699	0.2638
MB	-0.0008	-0.9202		-0.0010	-1.5865		0.0003	0.3646		0.3581	1.2349	0.1126	0.7154
AbsTA	0.1669	4.3710	***	0.1582	9.2515	***	-0.0740	-2.7844	***	0.0000	1.6227	0.0000	0.0054
AC	-0.0083	-2.4250	**	-0.0027	-0.8667		0.0093	2.2295	**	0.0158	1.6149	0.3861	0.0258
Lag	0.0142	3.3379	***	0.0042	1.0639		-0.0173	-3.0059	***	0.0009	1.4166	0.2874	0.0026
Busy	-0.0013	-0.3459		-0.0059	-1.6196		-0.0032	-0.6408		0.7296	1.0772	0.1053	0.5217
Intercept	0.0497	1.2527		-0.2164	-7.3668	***	-0.1585	-4.1237	***	0.2111	-	0.0000	0.0000
Adj. R^2	0.3013			-			-						
Number of Obs.	1270			707			563						

Appendix 289: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA*+ and *DA*- on EPT_{Long5} and RPT_{Long5} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
EPT_{Long5}	0.0033	0.8967		0.0007	0.1932		-0.0064	-1.2951		0.3705	1.2171	0.8468	0.1953
RPT_{Long5}	0.0044	1.3245		0.0036	1.1467		-0.0027	-0.5866		0.1862	1.1557	0.2515	0.5575
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5716		-0.0001	-0.2083		-0.0003	-0.9976		0.5679	1.2523	0.8350	0.3185
RP_{Exp}	-0.0003	-1.4635		-0.0001	-0.5084		0.0002	0.5355		0.1442	1.1758	0.6112	0.5923
$EP_{Ability}$	-0.0016	-0.4237		0.0016	0.3859		-0.0015	-0.2552		0.6720	1.0488	0.6996	0.7986
$RP_{Ability}$	-0.0011	-0.2934		-0.0027	-0.8291		-0.0023	-0.5110		0.7694	1.1439	0.4070	0.6093
Gender	0.0024	0.5588		0.0006	0.1872		-0.0031	-0.6812		0.5766	1.0765	0.8515	0.4958
Audit Firm-Specific Variables													
Big4	0.0079	1.9216	*	0.0047	1.3246		-0.0128	-2.4850	**	0.0554	2.0319	0.1853	0.0130
IndExp	0.0065	1.0385		0.0108	2.0575	**	-0.0136	-1.7807	*	0.2997	1.6676	0.0396	0.0750
Office	-0.0006	-0.7524		0.0000	0.0361		0.0006	0.6088		0.4523	2.3138	0.9712	0.5427
Client-Specific Variables													
Age	-0.0018	-1.2249		-0.0029	-2.3990	**	0.0009	0.5204		0.2214	1.3759	0.0164	0.6028
Size	0.0019	1.4341		-0.0003	-0.3312		-0.0010	-0.8220		0.1524	2.8492	0.7405	0.4111
OCF	0.0306	1.1235		-0.1958	-12.8255	***	-0.1885	-9.9953	***	0.2620	1.7462	0.0000	0.0000
Lev	-0.1073	-2.6646	***	0.3232	11.6902	***	0.2607	10.2466	***	0.0081	7.4541	0.0000	0.0000
pBank	0.0180	3.0570	***	-0.0547	-13.0691	***	-0.0487	-12.7162	***	0.0024	9.0430	0.0000	0.0000
Growth	-0.0017	-0.3164		0.0102	1.9681	**	0.0075	1.2333		0.7519	1.2006	0.0491	0.2175
MB	-0.0008	-0.9246		-0.0010	-1.5423		0.0003	0.3640		0.3558	1.2329	0.1230	0.7159
AbsTA	0.1655	4.3571	***	0.1562	9.1347	***	-0.0743	-2.8002	***	0.0000	1.6234	0.0000	0.0051
AC	-0.0081	-2.3362	**	-0.0026	-0.8441		0.0090	2.1494	**	0.0200	1.6167	0.3986	0.0316
Lag	0.0144	3.3954	***	0.0047	1.1867		-0.0172	-2.9753	***	0.0008	1.4181	0.2353	0.0029
Busy	-0.0015	-0.4053		-0.0058	-1.6066		-0.0034	-0.6659		0.6855	1.0763	0.1082	0.5055
Intercept	0.0499	1.2791		-0.2134	-7.2829	***	-0.1574	-4.1049	***	0.2017	-	0.0000	0.0000
Adj. R^2	0.3035			-			-						
Number of Obs.	1270			707			563						

Appendix 290: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *Team*

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
Team	-0.0002	-0.2058		-0.0010	-0.9804		-0.0007	-0.4922		0.8371	1.1060	0.3269	0.6226
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	0.0042		0.0001	0.6728		0.0001	0.3763		0.9966	1.2755	0.5011	0.7067
$Team_{Ability}$	-0.0019	-0.6027		-0.0001	-0.0332		-0.0021	-0.5298		0.5471	1.0995	0.9735	0.5963
Gender	-0.0009	-0.2164		0.0016	0.4641		0.0018	0.3815		0.8288	1.0777	0.6426	0.7028
Audit Firm-Specific Variables													
Big4	0.0050	1.1304		0.0056	1.5021		-0.0034	-0.6318		0.2590	2.0105	0.1331	0.5275
IndExp	0.0028	0.4286		0.0126	2.2390	**	-0.0044	-0.5633		0.6685	1.6705	0.0252	0.5733
Office	-0.0005	-0.5977		-0.0001	-0.0945		0.0006	0.6171		0.5504	2.3100	0.9247	0.5371
Client-Specific Variables													
Age	-0.0007	-0.5032		-0.0023	-1.7400	*	-0.0020	-1.1411		0.6151	1.3705	0.0819	0.2538
Size	0.0014	1.0410		0.0001	0.0858		-0.0001	-0.0857		0.2986	2.8177	0.9316	0.9317
OCF	0.0433	1.5453		-0.2275	-13.1918	***	-0.1801	-9.3905	***	0.1232	1.7429	0.0000	0.0000
Lev	-0.0997	-2.4913	**	0.3487	13.2617	***	0.2855	10.8345	***	0.0132	7.3903	0.0000	0.0000
pBank	0.0171	3.0172	***	-0.0607	-14.7794	***	-0.0501	-12.6001	***	0.0027	8.9850	0.0000	0.0000
Growth	-0.0028	-0.4948		-0.0017	-0.3271		-0.0029	-0.4350		0.6210	1.1990	0.7436	0.6636
MB	-0.0017	-1.7835	*	-0.0015	-2.0922	**	0.0005	0.6214		0.0753	1.2292	0.0364	0.5344
AbsTA	0.1810	4.4668	***	0.1929	10.7660	***	-0.0856	-3.0566	***	0.0000	1.6173	0.0000	0.0022
AC	-0.0090	-2.4946	**	-0.0044	-1.3018		0.0092	2.2057	**	0.0131	1.6014	0.1930	0.0274
Lag	0.0141	3.0963	***	0.0059	1.4041		-0.0094	-1.6060		0.0021	1.3948	0.1603	0.1083
Busy	-0.0005	-0.1303		-0.0021	-0.5555		-0.0052	-0.9972		0.8964	1.0710	0.5786	0.3187
Intercept	0.0465	1.1812		-0.2512	-8.3012	***	-0.2067	-5.3044	***	0.2383	-	0.0000	0.0000
Adj. R^2	0.2918			-			-						
Number of Obs.	1270			701			569						

Appendix 291: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on $Team_{Short}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
$Team_{Short}$	-0.0010	-0.2791		0.0021	0.6293		0.0021	0.4213		0.7803	1.0722	0.5292	0.6736
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.0786		0.0001	0.5496		0.0001	0.3504		0.9374	1.2445	0.5826	0.7260
$Team_{Ability}$	-0.0019	-0.6106		-0.0002	-0.0693		-0.0022	-0.5391		0.5419	1.0985	0.9448	0.5898
Gender	-0.0009	-0.1986		0.0018	0.5229		0.0018	0.3832		0.8427	1.0767	0.6010	0.7016
Audit Firm-Specific Variables													
Big4	0.0050	1.1366		0.0057	1.5094		-0.0032	-0.6072		0.2565	2.0092	0.1312	0.5437
IndExp	0.0028	0.4209		0.0127	2.2475	**	-0.0043	-0.5439		0.6741	1.6724	0.0246	0.5865
Office	-0.0005	-0.5784		-0.0001	-0.0973		0.0006	0.6305		0.5633	2.3093	0.9225	0.5284
Client-Specific Variables													
Age	-0.0007	-0.5033		-0.0023	-1.7297	*	-0.0020	-1.1143		0.6151	1.3701	0.0837	0.2651
Size	0.0014	1.0465		0.0001	0.1130		-0.0001	-0.0802		0.2960	2.8167	0.9100	0.9361
OCF	0.0433	1.5478		-0.2276	-13.1921	***	-0.1803	-9.4084	***	0.1225	1.7430	0.0000	0.0000
Lev	-0.1003	-2.5012	**	0.3489	13.2470	***	0.2854	10.8288	***	0.0128	7.3967	0.0000	0.0000
pBank	0.0172	3.0280	***	-0.0607	-14.7706	***	-0.0500	-12.5930	***	0.0026	8.9917	0.0000	0.0000
Growth	-0.0028	-0.4861		-0.0015	-0.2958		-0.0030	-0.4379		0.6272	1.1985	0.7673	0.6615
MB	-0.0017	-1.7818	*	-0.0014	-2.0756	**	0.0005	0.6412		0.0756	1.2286	0.0379	0.5214
AbsTA	0.1807	4.4593	***	0.1925	10.7415	***	-0.0859	-3.0681	***	0.0000	1.6163	0.0000	0.0022
AC	-0.0090	-2.4800	**	-0.0043	-1.2766		0.0092	2.1880	**	0.0136	1.6017	0.2017	0.0287
Lag	0.0141	3.0976	***	0.0061	1.4646		-0.0095	-1.6189		0.0021	1.3938	0.1430	0.1055
Busy	-0.0005	-0.1364		-0.0020	-0.5325		-0.0053	-1.0100		0.8916	1.0710	0.5944	0.3125
Intercept	0.0471	1.1779		-0.2565	-8.5126	***	-0.2097	-5.3112	***	0.2396	-	0.0000	0.0000
Adj. R^2	0.2918			-			-						
Number of Obs.	1270			701			569						

Appendix 292: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on $Team_{Long}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
$Team_{Long}$	0.0008	0.1060		-0.0044	-0.5578		0.0097	0.8471		0.9156	1.0547	0.5770	0.3970
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.0491		0.0001	0.5352		0.0000	0.1768		0.9609	1.2267	0.5925	0.8596
$Team_{Ability}$	-0.0019	-0.6078		-0.0003	-0.0973		-0.0023	-0.5652		0.5437	1.0985	0.9225	0.5719
Gender	-0.0009	-0.2095		0.0020	0.5709		0.0016	0.3410		0.8342	1.0744	0.5681	0.7331
Audit Firm-Specific Variables													
Big4	0.0050	1.1458		0.0056	1.5005		-0.0027	-0.4951		0.2526	2.0169	0.1335	0.6205
IndExp	0.0028	0.4300		0.0125	2.2158	**	-0.0043	-0.5454		0.6674	1.6707	0.0267	0.5855
Office	-0.0005	-0.5863		-0.0001	-0.0838		0.0006	0.6603		0.5581	2.3050	0.9332	0.5090
Client-Specific Variables													
Age	-0.0007	-0.5002		-0.0023	-1.7297	*	-0.0021	-1.1725		0.6172	1.3708	0.0837	0.2410
Size	0.0014	1.0458		0.0001	0.1261		-0.0001	-0.0738		0.2963	2.8169	0.8997	0.9412
OCF	0.0433	1.5468		-0.2279	-13.1895	***	-0.1821	-9.4640	***	0.1228	1.7430	0.0000	0.0000
Lev	-0.1000	-2.5049	**	0.3487	13.2431	***	0.2853	10.8337	***	0.0127	7.3780	0.0000	0.0000
pBank	0.0172	3.0331	***	-0.0607	-14.7665	***	-0.0500	-12.6012	***	0.0026	8.9662	0.0000	0.0000
Growth	-0.0028	-0.4893		-0.0015	-0.2910		-0.0030	-0.4445		0.6249	1.1983	0.7711	0.6567
MB	-0.0017	-1.7836	*	-0.0014	-2.0769	**	0.0005	0.6050		0.0753	1.2288	0.0378	0.5452
AbsTA	0.1808	4.4726	***	0.1924	10.7372	***	-0.0860	-3.0738	***	0.0000	1.6148	0.0000	0.0021
AC	-0.0090	-2.4783	**	-0.0044	-1.2960		0.0093	2.2116	**	0.0137	1.6005	0.1950	0.0270
Lag	0.0141	3.0999	***	0.0061	1.4551		-0.0097	-1.6540	*	0.0021	1.3940	0.1456	0.0981
Busy	-0.0005	-0.1310		-0.0020	-0.5319		-0.0052	-1.0012		0.8959	1.0716	0.5948	0.3167
Intercept	0.0460	1.1656		-0.2547	-8.4783	***	-0.2065	-5.3020	***	0.2445	-	0.0000	0.0000
Adj. R^2	0.2918			-			-						
Number of Obs.	1270			701			569						

Appendix 293: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on $Team_{Short2}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
$Team_{Short2}$	0.0017	0.6453		0.0030	1.0803		0.0014	0.3729		0.5191	1.0834	0.2800	0.7092
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	0.0730		0.0001	0.6603		0.0001	0.3443		0.9418	1.2603	0.5090	0.7306
$Team_{Ability}$	-0.0019	-0.5893		-0.0001	-0.0262		-0.0021	-0.5328		0.5560	1.0996	0.9791	0.5942
Gender	-0.0010	-0.2342		0.0016	0.4626		0.0017	0.3683		0.8149	1.0779	0.6437	0.7127
Audit Firm-Specific Variables													
Big4	0.0050	1.1336		0.0057	1.5215		-0.0033	-0.6162		0.2577	2.0092	0.1281	0.5377
IndExp	0.0028	0.4275		0.0126	2.2329	**	-0.0044	-0.5564		0.6693	1.6705	0.0256	0.5779
Office	-0.0005	-0.6105		-0.0001	-0.0782		0.0006	0.6230		0.5419	2.3080	0.9376	0.5333
Client-Specific Variables													
Age	-0.0007	-0.5085		-0.0023	-1.7137	*	-0.0020	-1.1590		0.6114	1.3706	0.0866	0.2465
Size	0.0014	1.0313		0.0001	0.0783		-0.0001	-0.0909		0.3031	2.8189	0.9376	0.9276
OCF	0.0433	1.5433		-0.2274	-13.1875	***	-0.1802	-9.3979	***	0.1236	1.7429	0.0000	0.0000
Lev	-0.0994	-2.4834	**	0.3481	13.2453	***	0.2856	10.8333	***	0.0135	7.3825	0.0000	0.0000
pBank	0.0171	3.0057	***	-0.0606	-14.7661	***	-0.0501	-12.5951	***	0.0028	8.9781	0.0000	0.0000
Growth	-0.0030	-0.5135		-0.0017	-0.3371		-0.0031	-0.4500		0.6079	1.2008	0.7360	0.6527
MB	-0.0017	-1.7848	*	-0.0014	-2.0694	**	0.0005	0.6214		0.0751	1.2286	0.0385	0.5343
AbsTA	0.1812	4.4755	***	0.1925	10.7580	***	-0.0856	-3.0588	***	0.0000	1.6154	0.0000	0.0022
AC	-0.0090	-2.4900	**	-0.0044	-1.2993		0.0093	2.2188	**	0.0132	1.6003	0.1938	0.0265
Lag	0.0140	3.0848	***	0.0059	1.3967		-0.0094	-1.6075		0.0022	1.3946	0.1625	0.1079
Busy	-0.0004	-0.1134		-0.0021	-0.5549		-0.0052	-0.9915		0.9098	1.0717	0.5790	0.3214
Intercept	0.0449	1.1271		-0.2548	-8.4877	***	-0.2088	-5.3179	***	0.2604	-	0.0000	0.0000
Adj. R^2	0.2920			-			-						
Number of Obs.	1270			701			569						

Appendix 294: Discretionay Accruals Sensitivity Analysis at Audit Partner Level: |*DA*|, *DA+* and *DA-* on $Team_{Long5}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variable													
$Team_{Long5}$	0.0043	0.8235		-0.0018	-0.3657		-0.0074	-1.0514		0.4108	1.0884	0.7146	0.2931
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.1670		0.0001	0.5270		0.0001	0.4182		0.8674	1.2462	0.5982	0.6758
$Team_{Ability}$	-0.0020	-0.6195		-0.0002	-0.0808		-0.0021	-0.5153		0.5360	1.0986	0.9356	0.6064
Gender	-0.0008	-0.1861		0.0019	0.5515		0.0019	0.4080		0.8524	1.0756	0.5813	0.6833
Audit Firm-Specific Variables													
Big4	0.0051	1.1499		0.0057	1.5170		-0.0036	-0.6726		0.2509	2.0099	0.1293	0.5012
IndExp	0.0026	0.3998		0.0126	2.2284	**	-0.0040	-0.5056		0.6895	1.6729	0.0259	0.6131
Office	-0.0004	-0.5572		-0.0001	-0.0944		0.0006	0.6265		0.5777	2.3082	0.9248	0.5310
Client-Specific Variables													
Age	-0.0007	-0.4974		-0.0023	-1.7185	*	-0.0019	-1.0702		0.6192	1.3703	0.0857	0.2845
Size	0.0014	1.0398		0.0001	0.1319		-0.0001	-0.0644		0.2992	2.8175	0.8951	0.9487
OCF	0.0431	1.5482		-0.2275	-13.1820	***	-0.1795	-9.3681	***	0.1225	1.7431	0.0000	0.0000
Lev	-0.1006	-2.5233	**	0.3485	13.2273	***	0.2847	10.8123	***	0.0121	7.3826	0.0000	0.0000
pBank	0.0172	3.0520	***	-0.0607	-14.7564	***	-0.0500	-12.5896	***	0.0024	8.9714	0.0000	0.0000
Growth	-0.0029	-0.5118		-0.0013	-0.2668		-0.0027	-0.4058		0.6091	1.1990	0.7896	0.6849
MB	-0.0017	-1.7790	*	-0.0014	-2.0624	**	0.0005	0.6249		0.0761	1.2289	0.0392	0.5320
AbsTA	0.1801	4.4561	***	0.1923	10.7253	***	-0.0852	-3.0470	***	0.0000	1.6185	0.0000	0.0023
AC	-0.0088	-2.4461	**	-0.0044	-1.2938		0.0091	2.1657	**	0.0149	1.6048	0.1957	0.0303
Lag	0.0141	3.0973	***	0.0062	1.4798		-0.0094	-1.6095		0.0021	1.3936	0.1389	0.1075
Busy	-0.0004	-0.1204		-0.0020	-0.5304		-0.0054	-1.0397		0.9042	1.0711	0.5959	0.2985
Intercept	0.0464	1.1773		-0.2549	-8.4855	***	-0.2082	-5.3449	***	0.2399	-	0.0000	0.0000
Adj. R^2	0.2923			-			-						
Number of Obs.	1270			701			569						

Appendix 295: Discretionary Accruals Moderator Analyses at Audit Partner Level: |*DA*|, *DA+* and *DA-* on *EPT*Moderator* and *RPT*Moderator*

	|DA|			DA+			DA-			|DA|	DA+	DA-
Variable	**Coeff.**	**Wald**		**Coeff.**	**Wald**		**Coeff.**	**Wald**		**p-Value**	**p-Value**	**p-Value**
Moderator: Audit Firm Size												
*EPT*Big4*	0.0016	1.1742		0.0024	1.5930		-0.0035	-1.5599		0.2411	0.1112	0.1188
*RPT*Big4*	0.0016	0.7864		0.0012	0.7962		-0.0020	-0.8747		0.4321	0.4259	0.3817
Moderator: Industry Expertise												
*EPT*IndExp*$_D$	0.0015	-0.3667		-0.0018	-1.2152		0.0012	0.5781		0.7141	0.2243	0.5632
*RPT*IndExp*$_D$	0.0015	-1.0368		-0.0009	-0.6162		0.0017	0.7829		0.3005	0.5378	0.4337
Moderator: Audit Office Size												
*EPT*Office*$_D$	0.0015	1.6145		0.0013	0.8475		-0.0033	-1.5911		0.1073	0.3967	0.1116
*RPT*Office*$_D$	0.0014	2.7747	***	0.0022	1.4946		-0.0048	-2.3247	**	0.0058	0.1350	0.0201
Moderator: Client Size												
*EPT*Size*$_D$	0.0016	1.7127	*	0.0031	2.0136	**	-0.0005	-0.2335		0.0876	0.0441	0.8153
*RPT*Size*$_D$	0.0015	0.3992		0.0002	0.1463		0.0000	0.0022		0.6900	0.8837	0.9983
Moderator: Work Experience												
*EPT*EP*$_{ExpD}$	0.0015	-0.4935		0.0003	0.1920		0.0020	0.9348		0.6220	0.8477	0.3499
*RPT*RP*$_{ExpD}$	0.0014	-0.0063		0.0008	0.5028		0.0015	0.6687		0.9949	0.6151	0.5037

Appendix 296: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on *FT*, *EPT* and *RPT*

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
FT	-0.0002	-0.4792		-0.0003	-0.8305		0.0000	0.0015		0.6321	1.4507	0.4062	0.9988	
EPT	0.0000	-0.0445		-0.0001	-0.0883		-0.0003	-0.2172		0.9645	1.3233	0.9296	0.8280	
RPT	-0.0003	-0.4390		-0.0009	-1.0672		-0.0006	-0.5109		0.6609	1.2840	0.2859	0.6094	
Audit Partner-Specific Variables														
EP_{Exp}	0.0003	1.1364		-0.0001	-0.2913		-0.0005	-1.3185		0.2565	1.2887	0.7708	0.1873	
RP_{Exp}	-0.0002	-0.9089		0.0003	1.2043		0.0006	1.7543	*	0.3640	1.2046	0.2285	0.0794	
$EP_{Ability}$	-0.0020	-0.5355		0.0023	0.4808		-0.0005	-0.0877		0.5926	1.0505	0.6306	0.9301	
$RP_{Ability}$	-0.0029	-0.7610		-0.0016	-0.4373		-0.0008	-0.1674		0.4472	1.1444	0.6619	0.8671	
Gender	-0.0011	-0.2560		0.0017	0.4746		0.0024	0.5245		0.7981	1.0783	0.6351	0.5999	
Audit Firm-Specific Variables														
Big4	0.0044	0.9831		0.0053	1.3946		-0.0034	-0.6255		0.3262	2.0637	0.1631	0.5316	
IndExp	0.0030	0.4453		0.0133	2.3517	**	-0.0048	-0.6156		0.6564	1.6709	0.0187	0.5382	
Office	-0.0004	-0.5285		0.0000	-0.0654		0.0006	0.6402		0.5974	2.3361	0.9479	0.5220	
Client-Specific Variables														
Age	-0.0007	-0.5076		-0.0021	-1.5449		-0.0019	-1.0747		0.6120	1.4214	0.1224	0.2825	
Size	0.0016	1.1323		0.0003	0.3039		-0.0001	-0.0906		0.2583	2.9741	0.7612	0.9278	
OCF	0.0428	1.5146		-0.2279	-13.2424	***	-0.1768	-9.2184	***	0.1307	1.7486	0.0000	0.0000	
Lev	-0.0983	-2.4586	**	0.3493	13.2958	***	0.2821	10.6998	***	0.0144	7.4690	0.0000	0.0000	
pBank	0.0169	2.9748	***	-0.0607	-14.8049	***	-0.0496	-12.4731	***	0.0031	9.0744	0.0000	0.0000	
Growth	-0.0033	-0.5815		-0.0018	-0.3520		-0.0024	-0.3568		0.5613	1.2010	0.7248	0.7212	
MB	-0.0017	-1.7848	*	-0.0014	-1.9958	**	0.0006	0.7724		0.0751	1.2355	0.0460	0.4399	
AbsTA	0.1820	4.4802	***	0.1932	10.7672	***	-0.0865	-3.0901	***	0.0000	1.6272	0.0000	0.0020	
AC	-0.0088	-2.4368	**	-0.0043	-1.2771		0.0087	2.0646	**	0.0153	1.6176	0.2016	0.0390	
Lag	0.0146	3.1838	***	0.0052	1.2355		-0.0107	-1.8161	*	0.0016	1.4189	0.2166	0.0694	
Busy	-0.0001	-0.0212		-0.0023	-0.5966		-0.0055	-1.0507		0.9831	1.0780	0.5508	0.2934	
Y2008	0.0057	1.4875		0.0123	2.8410	***	0.0031	0.5094		0.9831	1.6691	0.0045	0.6105	
Y2009	0.0073	1.8394	*	0.0148	3.3869	***	0.0013	0.2139		0.0667	1.7671	0.0007	0.8306	
Intercept	0.0436	1.0950		-0.2505	-8.2686	***	-0.2027	-5.2092	***	0.2743	-	0.0000	0.0000	
Adj. R^2	0.2915			-			-							
Number of Obs.	1270			701			569							

Appendix 297: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short}, EPT_{Short} and RPT_{Short}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short}	0.0012	0.3019		0.0007	0.1900		-0.0001	-0.0116		0.7629	1.5786	0.8493	0.9908
EPT_{Short}	-0.0001	-0.0443		0.0009	0.2789		0.0011	0.2405		0.9647	1.4185	0.7803	0.8100
RPT_{Short}	-0.0002	-0.0684		0.0032	0.9911		0.0035	0.8067		0.9455	1.4112	0.3216	0.4199
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.0864		-0.0001	-0.2948		-0.0005	-1.3156		0.2780	1.2672	0.7681	0.1883
RP_{Exp}	-0.0002	-0.9774		0.0003	1.1977		0.0006	1.7727	*	0.3290	1.1789	0.2310	0.0763
$EP_{Ability}$	-0.0019	-0.5060		0.0024	0.5037		-0.0006	-0.1098		0.6132	1.0484	0.6145	0.9125
$RP_{Ability}$	-0.0030	-0.7812		-0.0015	-0.4327		-0.0008	-0.1680		0.4352	1.1467	0.6652	0.8666
Gender	-0.0011	-0.2567		0.0018	0.5166		0.0023	0.5039		0.7976	1.0779	0.6055	0.6143
Audit Firm-Specific Variables													
Big4	0.0045	1.0297		0.0054	1.4317		-0.0032	-0.6014		0.3038	2.0488	0.1522	0.5476
IndExp	0.0029	0.4356		0.0132	2.3359	**	-0.0048	-0.6121		0.6634	1.6703	0.0195	0.5405
Office	-0.0004	-0.5317		-0.0001	-0.1559		0.0006	0.6209		0.5953	2.3362	0.8761	0.5347
Client-Specific Variables													
Age	-0.0008	-0.5318		-0.0022	-1.6430		-0.0019	-1.0953		0.5952	1.3966	0.1004	0.2734
Size	0.0015	1.1183		0.0002	0.1741		-0.0001	-0.0772		0.2642	2.8877	0.8618	0.9385
OCF	0.0426	1.5087		-0.2287	-13.2815	***	-0.1764	-9.1981	***	0.1323	1.7469	0.0000	0.0000
Lev	-0.0989	-2.4782	**	0.3504	13.3106	***	0.2827	10.7342	***	0.0137	7.4750	0.0000	0.0000
pBank	0.0170	2.9973	***	-0.0610	-14.8373	***	-0.0496	-12.5049	***	0.0029	9.0785	0.0000	0.0000
Growth	-0.0032	-0.5713		-0.0013	-0.2642		-0.0025	-0.3729		0.5682	1.2006	0.7916	0.7092
MB	-0.0017	-1.7800	*	-0.0014	-2.0416	**	0.0007	0.7891		0.0759	1.2340	0.0412	0.4301
AbsTA	0.1817	4.4730	***	0.1931	10.7731	***	-0.0865	-3.0999	***	0.0000	1.6237	0.0000	0.0019
AC	-0.0089	-2.4537	**	-0.0046	-1.3420		0.0087	2.0634	**	0.0146	1.6144	0.1796	0.0391
Lag	0.0147	3.1785	***	0.0052	1.2368		-0.0107	-1.8124	*	0.0016	1.4200	0.2162	0.0699
Busy	-0.0002	-0.0522		-0.0023	-0.6112		-0.0054	-1.0253		0.9584	1.0767	0.5411	0.3052
Intercept	0.0423	1.0369		-0.2567	-8.5012	***	-0.2088	-5.3154	***	0.3005	-	0.0000	0.0000
Adj. R^2	0.2912			-			-						
Number of Obs.	1270			701			569						

Appendix 298: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long}, EPT_{Long} and RPT_{Long}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long}	-0.0013	-0.3313		-0.0068	-1.6138		-0.0042	-0.7660		0.7406	1.2506	0.1066	0.4437
EPT_{Long}	-0.0030	-0.6770		-0.0044	-0.9592		0.0006	0.0908		0.4988	1.1310	0.3375	0.9277
RPT_{Long}	-0.0006	-0.1472		-0.0024	-0.5605		0.0014	0.2134		0.8831	1.1064	0.5752	0.8310
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.2610		0.0000	-0.0989		-0.0005	-1.3777		0.2081	1.2369	0.9212	0.1683
RP_{Exp}	-0.0002	-0.9779		0.0002	0.9365		0.0005	1.6411		0.3288	1.1738	0.3490	0.1008
$EP_{Ability}$	-0.0020	-0.5321		0.0020	0.4180		-0.0004	-0.0714		0.5950	1.0491	0.6760	0.9431
$RP_{Ability}$	-0.0030	-0.7862		-0.0018	-0.5066		-0.0009	-0.1961		0.4323	1.1427	0.6124	0.8445
Gender	-0.0011	-0.2431		0.0020	0.5785		0.0025	0.5471		0.8081	1.0783	0.5629	0.5843
Audit Firm-Specific Variables													
Big4	0.0044	0.9876		0.0051	1.3465		-0.0034	-0.6288		0.3240	2.0478	0.1781	0.5295
IndExp	0.0028	0.4220		0.0131	2.3387	**	-0.0047	-0.5953		0.6733	1.6679	0.0194	0.5516
Office	-0.0005	-0.5541		0.0000	-0.0400		0.0006	0.6400		0.5799	2.3062	0.9681	0.5222
Client-Specific Variables													
Age	-0.0008	-0.5310		-0.0020	-1.5269		-0.0018	-1.0134		0.5957	1.3860	0.1268	0.3109
Size	0.0016	1.1150		0.0005	0.4936		0.0001	0.0493		0.2656	2.9910	0.6216	0.9607
OCF	0.0422	1.4918		-0.2289	-13.3072	***	-0.1766	-9.2176	***	0.1366	1.7467	0.0000	0.0000
Lev	-0.0985	-2.4590	**	0.3491	13.2892	***	0.2805	10.6593	***	0.0144	7.4308	0.0000	0.0000
pBank	0.0169	2.9714	***	-0.0608	-14.8387	***	-0.0494	-12.4385	***	0.0032	9.0203	0.0000	0.0000
Growth	-0.0032	-0.5657		-0.0016	-0.3182		-0.0027	-0.3926		0.5719	1.2000	0.7503	0.6946
MB	-0.0017	-1.7839	*	-0.0014	-2.0352	**	0.0006	0.7550		0.0753	1.2330	0.0418	0.4502
AbsTA	0.1821	4.4963	***	0.1929	10.7901	***	-0.0855	-3.0608	***	0.0000	1.6195	0.0000	0.0022
AC	-0.0088	-2.4442	**	-0.0040	-1.1600		0.0089	2.1119	**	0.0150	1.6238	0.2461	0.0347
Lag	0.0147	3.2128	***	0.0057	1.3535		-0.0107	-1.8108	*	0.0014	1.4207	0.1759	0.0702
Busy	-0.0002	-0.0446		-0.0022	-0.5835		-0.0057	-1.0971		0.9645	1.0764	0.5596	0.2726
Intercept	0.0421	1.0476		-0.2585	-8.5825	***	-0.2054	-5.2686	***	0.2955	-	0.0000	0.0000
Adj. R^2	0.2915			-			-						
Number of Obs.	1270			701			569						

Appendix 299: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short2}, EPT_{Short2} and RPT_{Short2}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short2}	0.0035	0.8143		-0.0016	-0.4000		-0.0114	-2.1225	**	0.4160	1.6885	0.6892	0.0338
EPT_{Short2}	-0.0004	-0.1332		0.0005	0.1493		0.0019	0.4726		0.8941	1.4879	0.8813	0.6365
RPT_{Short2}	0.0010	0.3559		0.0046	1.4542		0.0066	1.6191		0.7221	1.5194	0.1459	0.1054
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1213		-0.0001	-0.3064		-0.0004	-1.3073		0.2629	1.2610	0.7593	0.1911
RP_{Exp}	-0.0002	-0.8807		0.0003	1.2998		0.0005	1.7484	*	0.3791	1.1730	0.1937	0.0804
$EP_{Ability}$	-0.0020	-0.5309		0.0023	0.4840		0.0007	0.1258		0.5958	1.0490	0.6284	0.8999
$RP_{Ability}$	-0.0029	-0.7676		-0.0014	-0.4006		-0.0002	-0.0399		0.4433	1.1466	0.6888	0.9681
Gender	-0.0010	-0.2388		0.0015	0.4229		0.0021	0.4593		0.8114	1.0815	0.6724	0.6461
Audit Firm-Specific Variables													
Big4	0.0044	0.9906		0.0057	1.5014		-0.0022	-0.4177		0.3225	2.0437	0.1333	0.6762
IndExp	0.0031	0.4632		0.0130	2.3059	**	-0.0061	-0.7754		0.6435	1.6718	0.0211	0.4381
Office	-0.0004	-0.5355		-0.0001	-0.0856		0.0003	0.3634		0.5927	2.3165	0.9318	0.7163
Client-Specific Variables													
Age	-0.0008	-0.5584		-0.0023	-1.7479	*	-0.0023	-1.2887		0.5769	1.3877	0.0805	0.1975
Size	0.0016	1.1444		0.0000	0.0231		-0.0004	-0.3199		0.2532	2.8897	0.9815	0.7490
OCF	0.0431	1.5232		-0.2276	-13.2191	***	-0.1774	-9.2896	***	0.1286	1.7476	0.0000	0.0000
Lev	-0.0985	-2.4638	**	0.3477	13.2293	***	0.2835	10.7826	***	0.0142	7.4402	0.0000	0.0000
pBank	0.0169	2.9806	***	-0.0606	-14.7812	***	-0.0499	-12.5860	***	0.0031	9.0465	0.0000	0.0000
Growth	-0.0035	-0.6172		-0.0016	-0.3067		-0.0031	-0.4657		0.5375	1.2039	0.7591	0.6415
MB	-0.0017	-1.8022	*	-0.0014	-1.9972	**	0.0007	0.8299		0.0723	1.2354	0.0458	0.4066
AbsTA	0.1819	4.5026	***	0.1921	10.7335	***	-0.0869	-3.1257	***	0.0000	1.6227	0.0000	0.0018
AC	-0.0088	-2.4232	**	-0.0044	-1.2953		0.0094	2.2411	**	0.0159	1.6149	0.1952	0.0250
Lag	0.0146	3.1718	***	0.0051	1.2003		-0.0104	-1.7668	*	0.0016	1.4168	0.2300	0.0773
Busy	-0.0001	-0.0281		-0.0024	-0.6332		-0.0053	-1.0062		0.9776	1.0773	0.5266	0.3143
Intercept	0.0408	1.0040		-0.2522	-8.3805	***	-0.2021	-5.1742	***	0.3160	-	0.0000	0.0000
Adj. R^2	0.2922			-			-						
Number of Obs.	1270			701			569						

Appendix 300: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long7}, EPT_{Long5} and RPT_{Long5}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long7}	-0.0021	-0.6439		-0.0033	-1.1507		0.0005	0.1249		0.5200	1.2356	0.2498	0.9006
EPT_{Long5}	0.0017	0.4885		0.0001	0.0345		-0.0037	-0.7355		0.6255	1.2282	0.9725	0.4620
RPT_{Long5}	0.0034	1.0070		-0.0011	-0.3389		-0.0058	-1.2032		0.3146	1.1780	0.7347	0.2289
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9328		-0.0001	-0.3787		-0.0004	-1.2828		0.3516	1.2537	0.7049	0.1996
RP_{Exp}	-0.0003	-1.1640		0.0002	1.0152		0.0006	1.8387	*	0.2452	1.1827	0.3100	0.0660
$EP_{Ability}$	-0.0019	-0.5088		0.0022	0.4686		-0.0009	-0.1667		0.6112	1.0509	0.6394	0.8676
$RP_{Ability}$	-0.0030	-0.7999		-0.0018	-0.4957		-0.0007	-0.1575		0.4243	1.1439	0.6201	0.8749
Gender	-0.0011	-0.2602		0.0018	0.5265		0.0025	0.5409		0.7949	1.0769	0.5985	0.5886
Audit Firm-Specific Variables													
Big4	0.0044	0.9911		0.0052	1.3755		-0.0037	-0.6969		0.3223	2.0612	0.1690	0.4859
IndExp	0.0027	0.4163		0.0131	2.3206	**	-0.0045	-0.5785		0.6775	1.6690	0.0203	0.5630
Office	-0.0004	-0.4398		0.0000	0.0031		0.0006	0.6611		0.6604	2.3452	0.9975	0.5086
Client-Specific Variables													
Age	-0.0007	-0.4500		-0.0019	-1.4104		-0.0018	-0.9999		0.6530	1.4254	0.1584	0.3173
Size	0.0016	1.1325		0.0003	0.2728		-0.0001	-0.0814		0.2582	2.8882	0.7850	0.9351
OCF	0.0435	1.5530		-0.2280	-13.2281	***	-0.1771	-9.2454	***	0.1213	1.7507	0.0000	0.0000
Lev	-0.1015	-2.5396	**	0.3494	13.2300	***	0.2820	10.7380	***	0.0115	7.4648	0.0000	0.0000
pBank	0.0173	3.0607	***	-0.0607	-14.7576	***	-0.0495	-12.5019	***	0.0024	9.0666	0.0000	0.0000
Growth	-0.0033	-0.5918		-0.0013	-0.2575		-0.0019	-0.2752		0.5544	1.2007	0.7968	0.7832
MB	-0.0017	-1.7887	*	-0.0014	-1.9724	**	0.0006	0.7694		0.0745	1.2329	0.0486	0.4417
AbsTA	0.1809	4.4597	***	0.1928	10.7390	***	-0.0875	-3.1361	***	0.0000	1.6240	0.0000	0.0017
AC	-0.0086	-2.3831	**	-0.0044	-1.2908		0.0083	1.9708	**	0.0177	1.6178	0.1968	0.0487
Lag	0.0148	3.2193	***	0.0056	1.3141		-0.0108	-1.8326	*	0.0014	1.4207	0.1888	0.0669
Busy	-0.0003	-0.0871		-0.0021	-0.5547		-0.0052	-0.9960		0.9306	1.0768	0.5791	0.3193
Intercept	0.0430	1.0749		-0.2556	-8.4990	***	-0.2039	-5.2522	***	0.2831	-	0.0000	0.0000
Adj. R^2	0.2922			-			-						
Number of Obs.	1270			701			569						

Appendix 301: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long8}, EPT_{Long5} and RPT_{Long5}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long8}	-0.0006	-0.1967		-0.0013	-0.4247		-0.0003	-0.0824		0.8442	1.2503	0.6710	0.9344
EPT_{Long5}	0.0015	0.4265		-0.0002	-0.0648		-0.0036	-0.7223		0.6700	1.2206	0.9483	0.4701
RPT_{Long5}	0.0031	0.9328		-0.0016	-0.4755		-0.0057	-1.1913		0.3515	1.1654	0.6344	0.2335
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9493		-0.0001	-0.3413		-0.0004	-1.2855		0.3431	1.2525	0.7329	0.1986
RP_{Exp}	-0.0003	-1.1280		0.0002	1.0529		0.0006	1.8287	*	0.2601	1.1844	0.2924	0.0674
$EP_{Ability}$	-0.0018	-0.4837		0.0023	0.4935		-0.0011	-0.1860		0.6289	1.0517	0.6216	0.8524
$RP_{Ability}$	-0.0030	-0.8034		-0.0017	-0.4800		-0.0007	-0.1540		0.4222	1.1439	0.6312	0.8776
Gender	-0.0012	-0.2701		0.0018	0.5170		0.0025	0.5488		0.7872	1.0766	0.6052	0.5831
Audit Firm-Specific Variables													
Big4	0.0047	1.0442		0.0055	1.4513		-0.0039	-0.7245		0.2971	2.0590	0.1467	0.4687
IndExp	0.0027	0.4026		0.0130	2.3047	**	-0.0045	-0.5732		0.6875	1.6688	0.0212	0.5665
Office	-0.0004	-0.4915		-0.0001	-0.0829		0.0006	0.6801		0.6234	2.3472	0.9339	0.4964
Client-Specific Variables													
Age	-0.0008	-0.5433		-0.0021	-1.5757		-0.0017	-0.9530		0.5873	1.4252	0.1151	0.3406
Size	0.0015	1.0872		0.0002	0.2088		-0.0001	-0.0540		0.2777	2.9032	0.8346	0.9569
OCF	0.0431	1.5418		-0.2282	-13.2154	***	-0.1768	-9.2103	***	0.1240	1.7546	0.0000	0.0000
Lev	-0.1012	-2.5317	**	0.3495	13.2114	***	0.2818	10.7192	***	0.0118	7.4834	0.0000	0.0000
pBank	0.0173	3.0443	***	-0.0608	-14.7492	***	-0.0495	-12.4803	***	0.0025	9.0926	0.0000	0.0000
Growth	-0.0033	-0.5875		-0.0011	-0.2156		-0.0018	-0.2687		0.5572	1.2007	0.8293	0.7882
MB	-0.0017	-1.7857	*	-0.0014	-1.9850	**	0.0006	0.7614		0.0750	1.2329	0.0471	0.4464
AbsTA	0.1807	4.4622	***	0.1922	10.7004	***	-0.0872	-3.1273	***	0.0000	1.6234	0.0000	0.0018
AC	-0.0086	-2.3903	**	-0.0045	-1.3048		0.0083	1.9729	**	0.0173	1.6208	0.1920	0.0485
Lag	0.0150	3.2369	***	0.0056	1.3131		-0.0109	-1.8506	*	0.0013	1.4188	0.1891	0.0642
Busy	-0.0004	-0.0975		-0.0022	-0.5917		-0.0052	-0.9986		0.9224	1.0768	0.5541	0.3180
Intercept	0.0431	1.0740		-0.2546	-8.4594	***	-0.2040	-5.2527	***	0.2835	-	0.0000	0.0000
Adj. R^2	0.2919			-			-						
Number of Obs.	1270			701			569						

Appendix 302: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long9}, EPT_{Long5} and RPT_{Long5}

	|DA|			DA+			DA-			|DA|	DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long9}	-0.0003	-0.0814		-0.0042	-1.3230		-0.0058	-1.3453		0.9352	1.2709	0.1858	0.1785
EPT_{Long5}	0.0015	0.4197		0.0000	-0.0113		-0.0035	-0.7005		0.6750	1.2195	0.9910	0.4836
RPT_{Long5}	0.0031	0.9195		-0.0013	-0.3957		-0.0053	-1.1019		0.3585	1.1648	0.6923	0.2705
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9506		-0.0001	-0.3364		-0.0004	-1.2282		0.3424	1.2526	0.7366	0.2194
RP_{Exp}	-0.0003	-1.1143		0.0002	0.9947		0.0006	1.8202	*	0.2659	1.1792	0.3199	0.0687
$EP_{Ability}$	-0.0018	-0.4726		0.0024	0.5164		-0.0018	-0.3208		0.6368	1.0500	0.6056	0.7483
$RP_{Ability}$	-0.0030	-0.8036		-0.0017	-0.4898		-0.0007	-0.1629		0.4222	1.1440	0.6243	0.8706
Gender	-0.0012	-0.2707		0.0016	0.4707		0.0028	0.6119		0.7868	1.0766	0.6379	0.5406
Audit Firm-Specific Variables													
Big4	0.0048	1.0598		0.0053	1.4068		-0.0048	-0.8882		0.2900	2.0518	0.1595	0.3744
IndExp	0.0026	0.3991		0.0132	2.3493	**	-0.0044	-0.5676		0.6901	1.6688	0.0188	0.5703
Office	-0.0004	-0.5082		0.0000	0.0034		0.0007	0.7475		0.6116	2.3319	0.9973	0.4547
Client-Specific Variables													
Age	-0.0008	-0.5793		-0.0020	-1.4819		-0.0013	-0.7484		0.5628	1.4055	0.1384	0.4542
Size	0.0015	1.0682		0.0004	0.3712		0.0002	0.1913		0.2861	2.9433	0.7105	0.8483
OCF	0.0430	1.5347		-0.2281	-13.2353	***	-0.1755	-9.1826	***	0.1257	1.7493	0.0000	0.0000
Lev	-0.1010	-2.5209	**	0.3492	13.2285	***	0.2816	10.7428	***	0.0121	7.4592	0.0000	0.0000
pBank	0.0172	3.0313	***	-0.0608	-14.7787	***	-0.0495	-12.5266	***	0.0026	9.0489	0.0000	0.0000
Growth	-0.0033	-0.5865		-0.0016	-0.3058		-0.0018	-0.2721		0.5579	1.2026	0.7598	0.7855
MB	-0.0017	-1.7850	*	-0.0014	-1.9576	*	0.0006	0.7266		0.0751	1.2330	0.0503	0.4675
AbsTA	0.1807	4.4590	***	0.1924	10.7233	***	-0.0854	-3.0664	***	0.0000	1.6236	0.0000	0.0022
AC	-0.0086	-2.3813	**	-0.0043	-1.2538		0.0087	2.0657	**	0.0178	1.6242	0.2099	0.0389
Lag	0.0150	3.2431	***	0.0058	1.3682		-0.0109	-1.8510	*	0.0013	1.4188	0.1713	0.0642
Busy	-0.0004	-0.0988		-0.0021	-0.5582		-0.0051	-0.9711		0.9214	1.0780	0.5767	0.3315
Intercept	0.0431	1.0666		-0.2578	-8.5451	***	-0.2087	-5.3614	***	0.2869	-	0.0000	0.0000
Adj. R^2	0.2919			-			-						
Number of Obs.	1270			701			569						

Appendix 303: Discretionary Accruals Joint Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long10}, EPT_{Long5} and RPT_{Long5}

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long10}	-0.0024	-0.6861		-0.0034	-0.9436		-0.0015	-0.3098		0.4931	1.2663	0.3454	0.7567
EPT_{Long5}	0.0015	0.4301		-0.0002	-0.0474		-0.0037	-0.7299		0.6674	1.2177	0.9622	0.4655
RPT_{Long5}	0.0032	0.9654		-0.0015	-0.4623		-0.0056	-1.1777		0.3350	1.1606	0.6439	0.2389
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	0.9643		-0.0001	-0.3344		-0.0004	-1.2713		0.3356	1.2529	0.7380	0.2036
RP_{Exp}	-0.0003	-1.1368		0.0002	1.0336		0.0006	1.8353	*	0.2564	1.1782	0.3013	0.0665
$EP_{Ability}$	-0.0019	-0.5005		0.0023	0.4874		-0.0012	-0.2045		0.6170	1.0505	0.6259	0.8380
$RP_{Ability}$	-0.0031	-0.8054		-0.0017	-0.4646		-0.0008	-0.1681		0.4211	1.1441	0.6422	0.8665
Gender	-0.0012	-0.2752		0.0017	0.4727		0.0025	0.5524		0.7833	1.0766	0.6364	0.5807
Audit Firm-Specific Variables													
Big4	0.0046	1.0169		0.0055	1.4610		-0.0041	-0.7542		0.3099	2.0448	0.1440	0.4507
IndExp	0.0027	0.4123		0.0132	2.3415	**	-0.0045	-0.5768		0.6804	1.6689	0.0192	0.5641
Office	-0.0004	-0.4897		-0.0001	-0.0692		0.0006	0.6791		0.6247	2.3190	0.9448	0.4971
Client-Specific Variables													
Age	-0.0007	-0.5251		-0.0021	-1.5648		-0.0017	-0.9529		0.5998	1.3917	0.1176	0.3406
Size	0.0016	1.1438		0.0004	0.3306		0.0000	0.0005		0.2534	2.9648	0.7409	0.9996
OCF	0.0432	1.5339		-0.2282	-13.2319	***	-0.1768	-9.2404	***	0.1259	1.7474	0.0000	0.0000
Lev	-0.1014	-2.5278	**	0.3487	13.1884	***	0.2819	10.7383	***	0.0119	7.4649	0.0000	0.0000
pBank	0.0173	3.0337	***	-0.0607	-14.7423	***	-0.0495	-12.5042	***	0.0026	9.0549	0.0000	0.0000
Growth	-0.0034	-0.6037		-0.0013	-0.2546		-0.0018	-0.2734		0.5464	1.2021	0.7990	0.7845
MB	-0.0017	-1.7881	*	-0.0014	-1.9609	**	0.0006	0.7463		0.0746	1.2330	0.0499	0.4555
AbsTA	0.1807	4.4676	***	0.1917	10.6740	***	-0.0868	-3.1139	***	0.0000	1.6234	0.0000	0.0018
AC	-0.0085	-2.3398	**	-0.0043	-1.2475		0.0084	1.9826	**	0.0198	1.6259	0.2122	0.0474
Lag	0.0151	3.2725	***	0.0057	1.3556		-0.0109	-1.8489	*	0.0012	1.4193	0.1752	0.0645
Busy	-0.0003	-0.0719		-0.0022	-0.5839		-0.0051	-0.9810		0.9427	1.0783	0.5593	0.3266
Intercept	0.0417	1.0385		-0.2562	-8.5002	***	-0.2049	-5.2605	***	0.2997	-	0.0000	0.0000
Adj. R^2	0.2922			-			-						
Number of Obs.	1270			701			569						

Appendix 304: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on *FT*, *EPT* and *RPT* (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
FT	0.0002	0.5353		-0.0004	-0.9377		-0.0004	-0.7720		0.5928	1.4879	0.3484	0.4401	
EPT	0.0002	0.2295		0.0001	0.1653		-0.0003	-0.2690		0.8186	1.3075	0.8687	0.7879	
RPT	0.0001	0.0851		-0.0008	-1.0164		-0.0008	-0.8204		0.9322	1.2661	0.3095	0.4120	
Audit Partner-Specific Variables														
EP_{Exp}	0.0001	0.6675		-0.0001	-0.4142		-0.0003	-0.8917		0.5049	1.3090	0.6787	0.3726	
RP_{Exp}	0.0000	0.1800		0.0004	1.6575	*	0.0006	2.1589	**	0.8573	1.2278	0.0974	0.0309	
$EP_{Ability}$	-0.0031	-0.9898		0.0000	-0.0102		-0.0019	-0.3762		0.3230	1.0612	0.9918	0.7068	
$RP_{Ability}$	-0.0017	-0.5486		-0.0011	-0.3246		-0.0009	-0.2132		0.5837	1.1470	0.7455	0.8312	
Gender	0.0021	0.5528		0.0017	0.5078		0.0009	0.2158		0.5807	1.0951	0.6116	0.8292	
Audit Firm-Specific Variables														
Big4	0.0052	1.4092		0.0063	1.7379	*	-0.0004	-0.0818		0.1597	2.0946	0.0822	0.9348	
IndExp	0.0031	0.4988		0.0112	2.0622	**	-0.0005	-0.0708		0.6182	1.7077	0.0392	0.9436	
Office	-0.0006	-0.7530		-0.0005	-0.7375		-0.0007	-0.8244		0.4520	2.3490	0.4608	0.4097	
Client-Specific Variables														
Age	0.0001	0.1019		-0.0012	-0.8676		-0.0017	-1.0441		0.9189	1.4522	0.3856	0.2965	
Size	-0.0008	-0.6859		0.0009	0.8205		0.0011	0.9369		0.4932	3.0551	0.4119	0.3488	
OCF	-0.0164	-0.5622		-0.2063	-11.9364	***	-0.1760	-9.4997	***	0.5744	1.5363	0.0000	0.0000	
Lev	0.0074	0.1792		0.2843	10.6512	***	0.3102	10.3042	***	0.8579	15.3827	0.0000	0.0000	
pBank	-0.0016	-0.2253		-0.0505	-12.0924	***	-0.0525	-11.4787	***	0.8219	16.6661	0.0000	0.0000	
Growth	0.0047	1.0280		-0.0049	-0.9784		-0.0046	-0.7582		0.3047	1.2089	0.3279	0.4484	
MB	-0.0004	-0.4976		-0.0004	-0.6146		0.0005	0.5623		0.6191	1.2355	0.5389	0.5739	
AbsTA	0.0638	1.8911	*	0.1273	6.3635	***	0.0135	0.4818		0.0595	1.3794	0.0000	0.6300	
AC	-0.0050	-1.6526	*	-0.0056	-1.6706	*	0.0075	1.9681	**	0.0993	1.6375	0.0948	0.0491	
Lag	0.0079	1.8259	*	0.0051	1.1889		-0.0064	-1.1588		0.0687	1.4297	0.2345	0.2465	
Busy	-0.0011	-0.3563		-0.0019	-0.5324		-0.0045	-0.9540		0.7218	1.0776	0.5945	0.3401	
Intercept	0.0120	0.2864		-0.2043	-6.6761	***	-0.2314	-6.3000	***	0.7748	-	0.0000	0.0000	
Adj. R^2	0.1379			-			-							
Number of Obs.	1080			656			538							

Appendix 305: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short}, EPT_{Short} and RPT_{Short} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short}	0.0007	0.2480		0.0012	0.3647		-0.0008	-0.1867		0.8043	1.5939	0.7153	0.8519
EPT_{Short}	-0.0019	-0.6918		-0.0015	-0.4664		0.0026	0.6428		0.4895	1.4276	0.6409	0.5204
RPT_{Short}	-0.0001	-0.0365		0.0040	1.2553		0.0031	0.7989		0.9709	1.4158	0.2094	0.4244
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5794		-0.0001	-0.5435		-0.0003	-0.8328		0.5627	1.2851	0.5868	0.4050
RP_{Exp}	0.0000	0.1864		0.0004	1.7823	*	0.0006	2.1364	**	0.8522	1.2018	0.0747	0.0326
$EP_{Ability}$	-0.0033	-1.0201		0.0003	0.0545		-0.0014	-0.2815		0.3084	1.0560	0.9565	0.7783
$RP_{Ability}$	-0.0019	-0.5897		-0.0012	-0.3567		-0.0008	-0.1896		0.5558	1.1517	0.7213	0.8496
Gender	0.0021	0.5516		0.0019	0.5631		0.0008	0.1965		0.5816	1.0945	0.5734	0.8442
Audit Firm-Specific Variables													
Big4	0.0049	1.3477		0.0064	1.7789	*	0.0008	0.1550		0.1786	2.0758	0.0753	0.8768
IndExp	0.0034	0.5365		0.0112	2.0611	**	-0.0006	-0.0777		0.5920	1.7064	0.0393	0.9381
Office	-0.0005	-0.6860		-0.0006	-0.8432		-0.0008	-0.9507		0.4932	2.3499	0.3991	0.3418
Client-Specific Variables													
Age	0.0002	0.1862		-0.0013	-0.9604		-0.0019	-1.1617		0.8524	1.4349	0.3368	0.2453
Size	-0.0007	-0.6028		0.0008	0.7300		0.0009	0.8099		0.5471	2.9635	0.4654	0.4180
OCF	-0.0157	-0.5309		-0.2073	-11.9874	***	-0.1768	-9.5422	***	0.5959	1.5380	0.0000	0.0000
Lev	0.0070	0.1697		0.2844	10.6273	***	0.3092	10.2633	***	0.8654	15.4098	0.0000	0.0000
pBank	-0.0015	-0.2182		-0.0506	-12.0979	***	-0.0523	-11.4316	***	0.8274	16.6893	0.0000	0.0000
Growth	0.0046	1.0029		-0.0044	-0.8951		-0.0050	-0.8158		0.3166	1.2087	0.3708	0.4146
MB	-0.0004	-0.5010		-0.0004	-0.6421		0.0005	0.6115		0.6167	1.2342	0.5208	0.5408
AbsTA	0.0632	1.8633	*	0.1267	6.3362	***	0.0121	0.4347		0.0633	1.3804	0.0000	0.6638
AC	-0.0050	-1.6495	*	-0.0060	-1.7621	*	0.0073	1.9115	*	0.1000	1.6320	0.0781	0.0559
Lag	0.0077	1.7807	*	0.0050	1.1605		-0.0061	-1.1006		0.0759	1.4281	0.2458	0.2711
Busy	-0.0010	-0.3266		-0.0020	-0.5557		-0.0045	-0.9713		0.7442	1.0764	0.5784	0.3314
Intercept	0.0138	0.3208		-0.2083	-6.8294	***	-0.2376	-6.3807	***	0.7485	-	0.0000	0.0000
Adj. R^2	0.1379			-			-						
Number of Obs.	1080			656			538						

Appendix 306: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long}, EPT_{Long} and RPT_{Long} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long}	0.0021	0.5686		-0.0073	-1.7858	*	-0.0071	-1.4291		0.5700	1.3052	0.0741	0.1530
EPT_{Long}	0.0000	0.0003		-0.0027	-0.5899		-0.0010	-0.1657		0.9998	1.1291	0.5553	0.8684
RPT_{Long}	0.0000	-0.0087		-0.0016	-0.3837		-0.0009	-0.1646		0.9931	1.1119	0.7012	0.8693
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.7421		-0.0001	-0.2287		-0.0003	-0.8373		0.4586	1.2630	0.8191	0.4024
RP_{Exp}	0.0000	0.2076		0.0003	1.3304		0.0006	2.0544	**	0.8357	1.1990	0.1834	0.0399
$EP_{Ability}$	-0.0032	-1.0119		-0.0005	-0.1083		-0.0017	-0.3394		0.3123	1.0600	0.9138	0.7343
$RP_{Ability}$	-0.0017	-0.5506		-0.0011	-0.3266		-0.0010	-0.2585		0.5823	1.1475	0.7440	0.7960
Gender	0.0020	0.5435		0.0020	0.6009		0.0010	0.2354		0.5871	1.0963	0.5479	0.8139
Audit Firm-Specific Variables													
Big4	0.0051	1.3758		0.0061	1.6867	*	-0.0002	-0.0405		0.1698	2.0794	0.0917	0.9677
IndExp	0.0032	0.5078		0.0109	2.0199	**	-0.0003	-0.0444		0.6119	1.7048	0.0434	0.9646
Office	-0.0005	-0.7162		-0.0005	-0.7448		-0.0008	-0.8971		0.4743	2.3106	0.4564	0.3696
Client-Specific Variables													
Age	0.0002	0.1601		-0.0011	-0.8552		-0.0016	-1.0300		0.8729	1.4195	0.3924	0.3030
Size	-0.0009	-0.7044		0.0011	1.0105		0.0012	1.0451		0.4817	3.0708	0.3122	0.2960
OCF	-0.0163	-0.5563		-0.2069	-11.9795	***	-0.1773	-9.5868	***	0.5783	1.5333	0.0000	0.0000
Lev	0.0077	0.1870		0.2843	10.6696	***	0.3089	10.2818	***	0.8517	15.3585	0.0000	0.0000
pBank	-0.0016	-0.2290		-0.0506	-12.1357	***	-0.0524	-11.4671	***	0.8190	16.6379	0.0000	0.0000
Growth	0.0047	1.0197		-0.0048	-0.9753		-0.0049	-0.8036		0.3086	1.2088	0.3294	0.4216
MB	-0.0004	-0.5052		-0.0004	-0.6446		0.0005	0.5976		0.6137	1.2337	0.5192	0.5501
AbsTA	0.0637	1.8754	*	0.1271	6.3678	***	0.0149	0.5328		0.0616	1.3774	0.0000	0.5942
AC	-0.0052	-1.6940	*	-0.0051	-1.5117		0.0076	2.0177	**	0.0912	1.6444	0.1306	0.0436
Lag	0.0078	1.8099	*	0.0056	1.2934		-0.0066	-1.1898		0.0712	1.4320	0.1959	0.2341
Busy	-0.0011	-0.3546		-0.0019	-0.5154		-0.0048	-1.0245		0.7231	1.0779	0.6063	0.3056
Intercept	0.0134	0.3159		-0.2110	-6.9306	***	-0.2347	-6.3727	***	0.7523	-	0.0000	0.0000
Adj. R^2	0.1378			-			-						
Number of Obs.	1080			656			538						

Appendix 307: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short2}	-0.0013	-0.3839		-0.0038	-0.9650		-0.0084	-1.7315	*	0.7013	1.6771	0.3345	0.0834
EPT_{Short2}	0.0006	0.2265		0.0012	0.4006		0.0005	0.1346		0.8209	1.4812	0.6887	0.8929
RPT_{Short2}	-0.0001	-0.0447		0.0045	1.4378		0.0074	2.0308	**	0.9644	1.5025	0.1505	0.0423
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.8272		-0.0001	-0.2897		-0.0003	-0.9561		0.4087	1.2721	0.7720	0.3390
RP_{Exp}	0.0000	0.1607		0.0004	1.7383	*	0.0006	2.2130	**	0.8724	1.1860	0.0822	0.0269
$EP_{Ability}$	-0.0033	-1.0339		-0.0001	-0.0279		-0.0005	-0.1014		0.3019	1.0568	0.9778	0.9192
$RP_{Ability}$	-0.0017	-0.5350		-0.0009	-0.2479		-0.0003	-0.0871		0.5930	1.1514	0.8042	0.9306
Gender	0.0020	0.5312		0.0015	0.4388		0.0009	0.2060		0.5956	1.0968	0.6608	0.8368
Audit Firm-Specific Variables													
Big4	0.0050	1.3678		0.0067	1.8507	*	0.0015	0.3045		0.1723	2.0657	0.0642	0.7607
IndExp	0.0032	0.5124		0.0107	1.9792	**	-0.0019	-0.2675		0.6087	1.7090	0.0478	0.7891
Office	-0.0006	-0.7307		-0.0006	-0.7855		-0.0010	-1.2087		0.4655	2.3214	0.4322	0.2268
Client-Specific Variables													
Age	0.0002	0.1940		-0.0014	-1.0921		-0.0022	-1.4077		0.8463	1.4308	0.2748	0.1592
Size	-0.0008	-0.6565		0.0005	0.4770		0.0008	0.6641		0.5120	2.9705	0.6334	0.5066
OCF	-0.0166	-0.5585		-0.2062	-11.9264	***	-0.1769	-9.5671	***	0.5769	1.5393	0.0000	0.0000
Lev	0.0074	0.1784		0.2843	10.6534	***	0.3075	10.2305	***	0.8585	15.3968	0.0000	0.0000
pBank	-0.0015	-0.2203		-0.0507	-12.1428	***	-0.0522	-11.4349	***	0.8258	16.6887	0.0000	0.0000
Growth	0.0047	1.0251		-0.0046	-0.9187		-0.0055	-0.8934		0.3061	1.2102	0.3583	0.3716
MB	-0.0004	-0.5056		-0.0004	-0.6112		0.0005	0.6759		0.6135	1.2370	0.5411	0.4991
AbsTA	0.0641	1.8865	*	0.1275	6.3825	***	0.0106	0.3815		0.0601	1.3772	0.0000	0.7028
AC	-0.0050	-1.6626	*	-0.0056	-1.6518	*	0.0081	2.1408	**	0.0973	1.6340	0.0986	0.0323
Lag	0.0078	1.7922	*	0.0052	1.2141		-0.0060	-1.0770		0.0740	1.4249	0.2247	0.2815
Busy	-0.0010	-0.3250		-0.0021	-0.5718		-0.0041	-0.8793		0.7454	1.0753	0.5674	0.3792
Intercept	0.0133	0.3098		-0.2066	-6.7911	***	-0.2306	-6.2208	***	0.7569	-	0.0000	0.0000
Adj. R^2	0.1376			-			-						
Number of Obs.	1080			656			538						

Appendix 308: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} (*Less Highest and Lowest Decile of RoA*)

	|DA|		DA+		DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**	**Coeff.**	**t-Value**	**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables											
FT_{Long7}	0.0011	0.4103	-0.0037	-1.3442	-0.0041	-1.1656		0.6819	1.2559	0.1789	0.2438
EPT_{Long5}	0.0010	0.3345	0.0018	0.5049	-0.0023	-0.5149		0.7382	1.2368	0.6136	0.6066
RPT_{Long5}	0.0039	1.2581	-0.0011	-0.3285	-0.0066	-1.5628		0.2092	1.1875	0.7425	0.1181
Audit Partner-Specific Variables											
EP_{Exp}	0.0001	0.6120	-0.0001	-0.5844	-0.0003	-0.9113		0.5410	1.2767	0.5590	0.3621
RP_{Exp}	0.0000	-0.0249	0.0003	1.4733	0.0006	2.1577	**	0.9801	1.2126	0.1407	0.0310
$EP_{Ability}$	-0.0031	-0.9826	-0.0001	-0.0209	-0.0024	-0.4632		0.3265	1.0622	0.9833	0.6432
$RP_{Ability}$	-0.0017	-0.5473	-0.0014	-0.4137	-0.0007	-0.1787		0.5845	1.1465	0.6791	0.8581
Gender	0.0019	0.5121	0.0018	0.5373	0.0008	0.1970		0.6089	1.0952	0.5911	0.8438
Audit Firm-Specific Variables											
Big4	0.0051	1.3812	0.0062	1.7151	-0.0009	-0.1869		0.1681	2.0906	0.0863	0.8518
IndExp	0.0029	0.4674	0.0111	2.0450	-0.0004	-0.0525		0.6405	1.7044	0.0408	0.9581
Office	-0.0005	-0.6519	-0.0005	-0.6542	-0.0007	-0.7971		0.5149	2.3529	0.5130	0.4254
Client-Specific Variables											
Age	0.0001	0.0645	-0.0010	-0.7326	-0.0013	-0.8333		0.9486	1.4564	0.4638	0.4047
Size	-0.0008	-0.6616	0.0009	0.8270	0.0011	0.9602		0.5087	2.9791	0.4083	0.3370
OCF	-0.0162	-0.5594	-0.2064	-11.9253	-0.1752	-9.4734	***	0.5763	1.5371	0.0000	0.0000
Lev	0.0066	0.1610	0.2835	10.5964	0.3090	10.3305	***	0.8722	15.3722	0.0000	0.0000
pBank	-0.0015	-0.2222	-0.0504	-12.0437	-0.0523	-11.4848	***	0.8243	16.6593	0.0000	0.0000
Growth	0.0045	0.9790	-0.0045	-0.9027	-0.0040	-0.6521		0.3283	1.2085	0.3667	0.5144
MB	-0.0004	-0.4924	-0.0004	-0.6009	0.0004	0.5216		0.6227	1.2354	0.5479	0.6019
AbsTA	0.0637	1.9077	0.1265	6.3288	0.0129	0.4657		0.0573	1.3783	0.0000	0.6414
AC	-0.0049	-1.5926	-0.0057	-1.6928	0.0071	1.8752	*	0.1122	1.6373	0.0905	0.0608
Lag	0.0083	1.9019	0.0054	1.2626	-0.0070	-1.2655		0.0580	1.4340	0.2067	0.2057
Busy	-0.0013	-0.4168	-0.0019	-0.5234	-0.0043	-0.9244		0.6771	1.0783	0.6007	0.3553
Intercept	0.0110	0.2605	-0.2085	-6.8563	-0.2313	-6.3143	***	0.7946	-	0.0000	0.0000
Adj. R^2	0.1398		-		-						
Number of Obs.	1080		656		538						

Appendix 309: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long8}	0.0020	0.7560		-0.0016	-0.5543		-0.0047	-1.3078		0.4502	1.2776	0.5793	0.1909
EPT_{Long5}	0.0010	0.3401		0.0014	0.3784		-0.0025	-0.5497		0.7340	1.2279	0.7052	0.5825
RPT_{Long5}	0.0039	1.2785		-0.0016	-0.4943		-0.0069	-1.6448		0.2020	1.1715	0.6211	0.1000
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5984		-0.0001	-0.5351		-0.0003	-0.9125		0.5499	1.2763	0.5926	0.3615
RP_{Exp}	0.0000	0.0011		0.0003	1.5107		0.0006	2.1837	**	0.9991	1.2123	0.1309	0.0290
$EP_{Ability}$	-0.0030	-0.9518		0.0001	0.0195		-0.0026	-0.5155		0.3419	1.0632	0.9845	0.6062
$RP_{Ability}$	-0.0017	-0.5431		-0.0013	-0.3801		-0.0007	-0.1758		0.5874	1.1465	0.7039	0.8605
Gender	0.0020	0.5206		0.0018	0.5345		0.0009	0.2127		0.6030	1.0955	0.5930	0.8315
Audit Firm-Specific Variables													
Big4	0.0052	1.4203		0.0065	1.7848	*	-0.0011	-0.2263		0.1564	2.0891	0.0743	0.8210
IndExp	0.0029	0.4572		0.0109	2.0164	**	-0.0003	-0.0376		0.6478	1.7046	0.0438	0.9700
Office	-0.0005	-0.6872		-0.0005	-0.7556		-0.0007	-0.7708		0.4924	2.3567	0.4499	0.4408
Client-Specific Variables													
Age	0.0000	0.0089		-0.0012	-0.9023		-0.0012	-0.7710		0.9929	1.4561	0.3669	0.4407
Size	-0.0008	-0.7021		0.0008	0.7459		0.0011	0.9887		0.4831	2.9924	0.4557	0.3228
OCF	-0.0165	-0.5695		-0.2064	-11.9024	***	-0.1750	-9.4662	***	0.5694	1.5377	0.0000	0.0000
Lev	0.0068	0.1665		0.2841	10.5966	***	0.3086	10.3208	***	0.8678	15.3726	0.0000	0.0000
pBank	-0.0016	-0.2269		-0.0506	-12.0585	***	-0.0522	-11.4794	***	0.8206	16.6547	0.0000	0.0000
Growth	0.0045	0.9915		-0.0043	-0.8615		-0.0043	-0.7023		0.3222	1.2087	0.3890	0.4825
MB	-0.0004	-0.4932		-0.0004	-0.6047		0.0004	0.5256		0.6222	1.2353	0.5454	0.5991
AbsTA	0.0636	1.9041	*	0.1263	6.3112	***	0.0136	0.4877		0.0577	1.3778	0.0000	0.6257
AC	-0.0050	-1.6214		-0.0057	-1.6753	*	0.0072	1.9012	*	0.1059	1.6430	0.0939	0.0573
Lag	0.0083	1.9081	*	0.0054	1.2585		-0.0070	-1.2649		0.0572	1.4331	0.2082	0.2059
Busy	-0.0013	-0.4266		-0.0020	-0.5519		-0.0042	-0.9092		0.6700	1.0785	0.5810	0.3632
Intercept	0.0116	0.2741		-0.2076	-6.8196	***	-0.2323	-6.3417	***	0.7842	-	0.0000	0.0000
Adj. R^2	0.1402			-			-						
Number of Obs.	1080			656			538						

Appendix 310: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long9}	0.0020	0.6796		-0.0046	-1.4819		-0.0072	-1.8505	*	0.4972	1.3132	0.1384	0.0642
EPT_{Long5}	0.0010	0.3604		0.0014	0.4038		-0.0026	-0.5936		0.7188	1.2260	0.6863	0.5528
RPT_{Long5}	0.0039	1.2829		-0.0013	-0.3843		-0.0066	-1.5767		0.2004	1.1726	0.7008	0.1149
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5874		-0.0001	-0.5091		-0.0003	-0.8329		0.5573	1.2768	0.6107	0.4049
RP_{Exp}	0.0000	-0.0257		0.0003	1.4451		0.0006	2.2486	**	0.9795	1.2063	0.1484	0.0245
$EP_{Ability}$	-0.0031	-0.9641		0.0000	0.0056		-0.0030	-0.5852		0.3357	1.0616	0.9956	0.5584
$RP_{Ability}$	-0.0017	-0.5465		-0.0013	-0.3882		-0.0009	-0.2320		0.5851	1.1463	0.6979	0.8166
Gender	0.0020	0.5192		0.0016	0.4731		0.0009	0.2229		0.6040	1.0955	0.6361	0.8236
Audit Firm-Specific Variables													
Big4	0.0052	1.4028		0.0063	1.7462	*	-0.0014	-0.2863		0.1616	2.0812	0.0808	0.7747
IndExp	0.0028	0.4476		0.0112	2.0635	**	-0.0003	-0.0397		0.6547	1.7072	0.0391	0.9683
Office	-0.0005	-0.6656		-0.0005	-0.6650		-0.0007	-0.7773		0.5061	2.3470	0.5061	0.4370
Client-Specific Variables													
Age	0.0001	0.0490		-0.0011	-0.8245		-0.0012	-0.7573		0.9610	1.4383	0.4097	0.4489
Size	-0.0009	-0.7063		0.0010	0.9218		0.0013	1.1322		0.4805	3.0205	0.3567	0.2576
OCF	-0.0163	-0.5658		-0.2061	-11.9100	***	-0.1759	-9.5553	***	0.5719	1.5360	0.0000	0.0000
Lev	0.0064	0.1566		0.2837	10.6105	***	0.3116	10.4233	***	0.8757	15.3637	0.0000	0.0000
pBank	-0.0015	-0.2159		-0.0505	-12.0780	***	-0.0528	-11.5944	***	0.8292	16.6404	0.0000	0.0000
Growth	0.0046	1.0155		-0.0048	-0.9727		-0.0045	-0.7340		0.3106	1.2114	0.3307	0.4629
MB	-0.0004	-0.5037		-0.0004	-0.5421		0.0004	0.5136		0.6148	1.2356	0.5878	0.6076
AbsTA	0.0636	1.9045	*	0.1264	6.3225	***	0.0144	0.5195		0.0577	1.3779	0.0000	0.6034
AC	-0.0050	-1.6208		-0.0055	-1.6350		0.0077	2.0244	**	0.1060	1.6460	0.1021	0.0429
Lag	0.0083	1.8972	*	0.0057	1.3155		-0.0068	-1.2363		0.0586	1.4324	0.1883	0.2163
Busy	-0.0014	-0.4445		-0.0019	-0.5172		-0.0040	-0.8576		0.6570	1.0804	0.6050	0.3911
Intercept	0.0123	0.2889		-0.2108	-6.9142	***	-0.2377	-6.4731	***	0.7728	-	0.0000	0.0000
Adj. R^2	0.1401			-			-						
Number of Obs.	1080			656			538						

Appendix 311: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (*Less Highest and Lowest Decile of RoA*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long10}	0.0022	0.6516		-0.0028	-0.7950		-0.0043	-1.0002		0.5151	1.3077	0.4266	0.3172
EPT_{Long5}	0.0011	0.3765		0.0013	0.3669		-0.0028	-0.6295		0.7068	1.2252	0.7137	0.5290
RPT_{Long5}	0.0039	1.3078		-0.0016	-0.5011		-0.0070	-1.6638	*	0.1918	1.1696	0.6163	0.0962
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5786		-0.0001	-0.5155		-0.0003	-0.8839		0.5632	1.2778	0.6062	0.3768
RP_{Exp}	0.0000	-0.0312		0.0003	1.5163		0.0006	2.2656	**	0.9752	1.2055	0.1294	0.0235
$EP_{Ability}$	-0.0031	-0.9740		0.0000	0.0102		-0.0024	-0.4683		0.3307	1.0605	0.9918	0.6396
$RP_{Ability}$	-0.0017	-0.5497		-0.0012	-0.3592		-0.0010	-0.2489		0.5829	1.1462	0.7194	0.8035
Gender	0.0020	0.5243		0.0017	0.5087		0.0007	0.1668		0.6004	1.0962	0.6109	0.8675
Audit Firm-Specific Variables													
Big4	0.0051	1.4004		0.0065	1.8073	*	-0.0008	-0.1538		0.1623	2.0785	0.0707	0.8778
IndExp	0.0028	0.4516		0.0111	2.0406	**	-0.0005	-0.0678		0.6518	1.7061	0.0413	0.9460
Office	-0.0005	-0.6501		-0.0006	-0.7701		-0.0007	-0.8660		0.5161	2.3331	0.4412	0.3865
Client-Specific Variables													
Age	0.0001	0.0807		-0.0012	-0.9227		-0.0015	-0.9582		0.9358	1.4271	0.3561	0.3380
Size	-0.0009	-0.7091		0.0009	0.8138		0.0012	0.9967		0.4787	3.0330	0.4158	0.3189
OCF	-0.0160	-0.5500		-0.2067	-11.9326	***	-0.1768	-9.5873	***	0.5827	1.5335	0.0000	0.0000
Lev	0.0063	0.1544		0.2842	10.6171	***	0.3106	10.3586	***	0.8774	15.3635	0.0000	0.0000
pBank	-0.0015	-0.2125		-0.0506	-12.0943	***	-0.0525	-11.5171	***	0.8318	16.6402	0.0000	0.0000
Growth	0.0047	1.0066		-0.0045	-0.8970		-0.0045	-0.7417		0.3148	1.2120	0.3697	0.4583
MB	-0.0004	-0.4941		-0.0004	-0.5910		0.0004	0.4888		0.6215	1.2353	0.5545	0.6250
AbsTA	0.0633	1.8882	*	0.1263	6.3116	***	0.0130	0.4661		0.0599	1.3784	0.0000	0.6412
AC	-0.0050	-1.6251		-0.0055	-1.6343		0.0072	1.8985	*	0.1051	1.6483	0.1022	0.0576
Lag	0.0083	1.9043	*	0.0055	1.2822		-0.0067	-1.2103		0.0577	1.4331	0.1998	0.2261
Busy	-0.0014	-0.4515		-0.0020	-0.5449		-0.0039	-0.8345		0.6519	1.0818	0.5858	0.4040
Intercept	0.0119	0.2814		-0.2088	-6.8463	***	-0.2345	-6.3756	***	0.7786	-	0.0000	0.0000
Adj. R^2	0.1401			-			-						
Number of Obs.	1080			656			538						

Appendix 312: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on *FT*, *EPT* and *RPT* (*Less Freq*$_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT	-0.0001	-0.2313		-0.0005	-1.1944		-0.0002	-0.3550		0.8172	1.4078	0.2323	0.7226
EPT	0.0000	0.0436		-0.0001	-0.0597		-0.0006	-0.4518		0.9652	1.2861	0.9524	0.6514
RPT	-0.0001	-0.1965		-0.0010	-1.1932		-0.0008	-0.7068		0.8443	1.2444	0.2328	0.4797
Audit Partner-Specific Variables													
EP_{Exp}	0.0004	1.3143		-0.0001	-0.3793		-0.0007	-1.7121	*	0.1897	1.3110	0.7044	0.0869
RP_{Exp}	-0.0003	-1.2943		0.0002	0.7294		0.0007	2.0208	**	0.1965	1.2192	0.4658	0.0433
$EP_{Ability}$	-0.0007	-0.1613		0.0031	0.6340		-0.0023	-0.3632		0.8720	1.0640	0.5261	0.7165
$RP_{Ability}$	-0.0024	-0.6120		-0.0008	-0.2201		-0.0014	-0.3002		0.5410	1.1447	0.8258	0.7640
Gender	0.0000	0.0081		0.0011	0.2893		-0.0022	-0.4274		0.9936	1.0811	0.7723	0.6691
Audit Firm-Specific Variables													
Big4	0.0049	1.0132		0.0050	1.2895		-0.0044	-0.7199		0.3117	2.1049	0.1972	0.4716
IndExp	0.0014	0.1969		0.0120	2.0481	**	-0.0059	-0.6984		0.8440	1.6907	0.0405	0.4849
Office	-0.0006	-0.6640		0.0002	0.1998		0.0009	0.8246		0.5072	2.3979	0.8417	0.4096
Client-Specific Variables													
Age	-0.0004	-0.2245		-0.0014	-0.9698		-0.0018	-0.8928		0.8225	1.4372	0.3321	0.3720
Size	0.0013	0.8723		-0.0002	-0.1916		-0.0001	-0.0551		0.3837	2.8992	0.8481	0.9561
OCF	0.0360	1.2029		-0.2315	-12.6112	***	-0.1742	-8.5699	***	0.2299	1.7708	0.0000	0.0000
Lev	-0.1121	-2.7983	***	0.3555	12.0850	***	0.2887	10.4210	***	0.0054	7.4428	0.0000	0.0000
pBank	0.0192	3.4197	***	-0.0600	-13.0658	***	-0.0500	-11.9078	***	0.0007	8.9654	0.0000	0.0000
Growth	0.0021	0.3252		0.0050	0.8600		-0.0021	-0.2812		0.7452	1.2039	0.3898	0.7786
MB	-0.0016	-1.5677		-0.0014	-1.9395	*	0.0008	0.8277		0.1179	1.2803	0.0524	0.4078
AbsTA	0.1798	4.3263	***	0.1863	9.2496	***	-0.0829	-2.7724	***	0.0000	1.6322	0.0000	0.0056
AC	-0.0079	-2.0669	**	-0.0025	-0.7047		0.0080	1.6962	*	0.0395	1.6191	0.4810	0.0899
Lag	0.0159	2.9654	***	0.0064	1.4192		-0.0107	-1.5394		0.0032	1.4174	0.1558	0.1237
Busy	0.0014	0.3563		-0.0013	-0.3269		-0.0073	-1.2235		0.7218	1.1047	0.7437	0.2211
Intercept	0.0532	1.2653		-0.2494	-7.7696	***	-0.2062	-4.6043	***	0.2067	-	0.0000	0.0000
Adj. R^2	0.3031			-			-						
Number of Obs.	1133			636			497						

Appendix 313: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short}, EPT_{Short} and RPT_{Short} (*Less* $Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short}	-0.0009	-0.2189		0.0018	0.4929		0.0036	0.7077		0.8268	1.4921	0.6221	0.4791
EPT_{Short}	0.0005	0.1429		0.0002	0.0670		0.0002	0.0378		0.8864	1.3835	0.9466	0.9698
RPT_{Short}	-0.0003	-0.0950		0.0028	0.8577		0.0034	0.7603		0.9244	1.3691	0.3910	0.4471
Audit Partner-Specific Variables													
EP_{Exp}	0.0004	1.3603		-0.0001	-0.4392		-0.0007	-1.8431	*	0.1747	1.2925	0.6605	0.0653
RP_{Exp}	-0.0003	-1.3264		0.0002	0.7172		0.0007	2.0271	**	0.1857	1.1963	0.4732	0.0427
$EP_{Ability}$	-0.0007	-0.1572		0.0032	0.6402		-0.0024	-0.3851		0.8752	1.0628	0.5221	0.7002
$RP_{Ability}$	-0.0024	-0.5969		-0.0008	-0.2190		-0.0017	-0.3580		0.5510	1.1487	0.8267	0.7204
Gender	0.0000	-0.0043		0.0014	0.3779		-0.0024	-0.4740		0.9966	1.0804	0.7055	0.6355
Audit Firm-Specific Variables													
Big4	0.0051	1.0810		0.0052	1.3363		-0.0041	-0.6858		0.2805	2.0873	0.1815	0.4928
IndExp	0.0013	0.1762		0.0115	1.9673	**	-0.0061	-0.7116		0.8602	1.6898	0.0491	0.4767
Office	-0.0006	-0.7104		0.0000	0.0632		0.0009	0.8501		0.4780	2.3989	0.9496	0.3953
Client-Specific Variables													
Age	-0.0004	-0.2573		-0.0015	-1.0922		-0.0018	-0.9258		0.7971	1.4125	0.2748	0.3545
Size	0.0012	0.8452		-0.0004	-0.3483		-0.0001	-0.0429		0.3986	2.8138	0.7276	0.9658
OCF	0.0359	1.1989		-0.2314	-12.5827	***	-0.1739	-8.5594	***	0.2314	1.7688	0.0000	0.0000
Lev	-0.1120	-2.8015	***	0.3557	12.0683	***	0.2889	10.4396	***	0.0054	7.4351	0.0000	0.0000
pBank	0.0192	3.4316	***	-0.0601	-13.0595	***	-0.0501	-11.9261	***	0.0007	8.9528	0.0000	0.0000
Growth	0.0021	0.3353		0.0056	0.9658		-0.0025	-0.3332		0.7376	1.2038	0.3342	0.7390
MB	-0.0016	-1.5662		-0.0015	-1.9679	**	0.0008	0.8605		0.1183	1.2783	0.0491	0.3895
AbsTA	0.1800	4.3251	***	0.1859	9.2435	***	-0.0829	-2.7811	***	0.0000	1.6292	0.0000	0.0054
AC	-0.0079	-2.0681	**	-0.0028	-0.8078		0.0079	1.6767	*	0.0394	1.6149	0.4192	0.0936
Lag	0.0161	2.9781	***	0.0065	1.4448		-0.0108	-1.5662		0.0031	1.4191	0.1485	0.1173
Busy	0.0012	0.3236		-0.0015	-0.3803		-0.0072	-1.2085		0.7465	1.1032	0.7038	0.2268
Intercept	0.0526	1.2386		-0.2554	-7.9776	***	-0.2145	-4.7819	***	0.2164	-	0.0000	0.0000
Adj. R^2	0.3030			-			-						
Number of Obs.	1133			636			497						

Appendix 314: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long}, EPT_{Long} and RPT_{Long} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long}	-0.0008	-0.1951		-0.0071	-1.6739	*	-0.0038	-0.6654		0.8455	1.2682	0.0941	0.5058
EPT_{Long}	-0.0024	-0.5325		-0.0034	-0.7241		0.0003	0.0415		0.5947	1.1299	0.4690	0.9669
RPT_{Long}	-0.0009	-0.2175		-0.0028	-0.6741		0.0017	0.2585		0.8280	1.1016	0.5002	0.7960
Audit Partner-Specific Variables													
EP_{Exp}	0.0004	1.4623		-0.0001	-0.2520		-0.0007	-1.8804	*	0.1446	1.2528	0.8010	0.0600
RP_{Exp}	-0.0003	-1.2983		0.0001	0.4694		0.0006	1.8750	*	0.1951	1.1868	0.6388	0.0608
$EP_{Ability}$	-0.0007	-0.1685		0.0027	0.5590		-0.0020	-0.3083		0.8663	1.0632	0.5762	0.7578
$RP_{Ability}$	-0.0025	-0.6283		-0.0010	-0.2667		-0.0015	-0.3067		0.5302	1.1438	0.7897	0.7591
Gender	0.0001	0.0204		0.0014	0.3894		-0.0022	-0.4299		0.9838	1.0817	0.6969	0.6673
Audit Firm-Specific Variables													
Big4	0.0048	0.9971		0.0049	1.2704		-0.0037	-0.6209		0.3195	2.0817	0.2040	0.5346
IndExp	0.0013	0.1859		0.0117	1.9998	**	-0.0058	-0.6750		0.8527	1.6885	0.0455	0.4997
Office	-0.0006	-0.6933		0.0001	0.1630		0.0009	0.8299		0.4886	2.3465	0.8705	0.4066
Client-Specific Variables													
Age	-0.0004	-0.2303		-0.0014	-1.0193		-0.0017	-0.8324		0.8180	1.4077	0.3080	0.4052
Size	0.0013	0.8711		0.0000	-0.0180		0.0000	-0.0088		0.3843	2.9238	0.9856	0.9930
OCF	0.0357	1.1875		-0.2316	-12.6025	***	-0.1743	-8.5724	***	0.2359	1.7698	0.0000	0.0000
Lev	-0.1117	-2.7809	***	0.3546	12.0541	***	0.2866	10.3559	***	0.0057	7.3883	0.0000	0.0000
pBank	0.0191	3.4027	***	-0.0600	-13.0628	***	-0.0498	-11.8468	***	0.0008	8.9025	0.0000	0.0000
Growth	0.0022	0.3398		0.0052	0.9013		-0.0028	-0.3718		0.7343	1.2040	0.3674	0.7101
MB	-0.0016	-1.5661		-0.0014	-1.9565	*	0.0007	0.8079		0.1183	1.2779	0.0504	0.4192
AbsTA	0.1803	4.3337	***	0.1853	9.2280	***	-0.0821	-2.7444	***	0.0000	1.6254	0.0000	0.0061
AC	-0.0080	-2.0711	**	-0.0020	-0.5693		0.0081	1.7302	*	0.0391	1.6267	0.5691	0.0836
Lag	0.0159	2.9765	***	0.0071	1.5812		-0.0105	-1.5084		0.0031	1.4156	0.1138	0.1315
Busy	0.0013	0.3451		-0.0014	-0.3640		-0.0076	-1.2754		0.7302	1.1024	0.7159	0.2022
Intercept	0.0523	1.2435		-0.2582	-8.0767	***	-0.2111	-4.7103	***	0.2146	-	0.0000	0.0000
Adj. R^2	0.3032			-			-						
Number of Obs.	1133			636			497						

Appendix 315: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (*Less* $Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short2}	0.0025	0.5572		-0.0006	-0.1410		-0.0099	-1.5496		0.5778	1.5262	0.8879	0.1212
EPT_{Short2}	-0.0005	-0.1702		0.0006	0.1954		0.0019	0.4368		0.8650	1.4154	0.8451	0.6622
RPT_{Short2}	0.0001	0.0197		0.0046	1.4323		0.0070	1.6379		0.9843	1.4197	0.1521	0.1014
Audit Partner-Specific Variables													
EP_{Exp}	0.0004	1.3127		-0.0001	-0.3701		-0.0007	-1.7664	*	0.1902	1.2814	0.7113	0.0773
RP_{Exp}	-0.0003	-1.3146		0.0002	0.8378		0.0007	2.0550	**	0.1896	1.1848	0.4021	0.0399
$EP_{Ability}$	-0.0007	-0.1579		0.0030	0.6078		-0.0011	-0.1665		0.8747	1.0630	0.5433	0.8678
$RP_{Ability}$	-0.0025	-0.6338		-0.0006	-0.1565		-0.0006	-0.1147		0.5267	1.1483	0.8756	0.9087
Gender	0.0001	0.0180		0.0010	0.2673		-0.0026	-0.5024		0.9857	1.0829	0.7893	0.6154
Audit Firm-Specific Variables													
Big4	0.0048	1.0181		0.0054	1.3942		-0.0025	-0.4146		0.3094	2.0793	0.1633	0.6784
IndExp	0.0015	0.2048		0.0114	1.9414	*	-0.0065	-0.7640		0.8379	1.6901	0.0522	0.4449
Office	-0.0006	-0.6668		0.0001	0.1129		0.0006	0.5258		0.5054	2.3659	0.9101	0.5990
Client-Specific Variables													
Age	-0.0004	-0.2501		-0.0017	-1.2175		-0.0020	-0.9989		0.8026	1.4080	0.2234	0.3178
Size	0.0013	0.8944		-0.0006	-0.5109		-0.0004	-0.2977		0.3718	2.8152	0.6094	0.7660
OCF	0.0361	1.2025		-0.2308	-12.5548	***	-0.1741	-8.5956	***	0.2300	1.7684	0.0000	0.0000
Lev	-0.1125	-2.8028	***	0.3544	12.0268	***	0.2908	10.5108	***	0.0054	7.4165	0.0000	0.0000
pBank	0.0193	3.4264	***	-0.0600	-13.0423	***	-0.0504	-12.0051	***	0.0007	8.9456	0.0000	0.0000
Growth	0.0020	0.3184		0.0053	0.9017		-0.0033	-0.4380		0.7504	1.2054	0.3672	0.6614
MB	-0.0016	-1.5813		-0.0014	-1.9434	*	0.0008	0.8652		0.1148	1.2800	0.0520	0.3869
AbsTA	0.1796	4.3265	***	0.1852	9.2249	***	-0.0825	-2.7702	***	0.0000	1.6284	0.0000	0.0056
AC	-0.0079	-2.0592	**	-0.0025	-0.7326		0.0084	1.7989	*	0.0403	1.6138	0.4638	0.0720
Lag	0.0159	2.9669	***	0.0063	1.4018		-0.0103	-1.4936		0.0032	1.4143	0.1610	0.1353
Busy	0.0013	0.3505		-0.0016	-0.4154		-0.0070	-1.1666		0.7262	1.1036	0.6778	0.2434
Intercept	0.0523	1.2356		-0.2521	-7.8916	***	-0.2105	-4.7126	***	0.2175	-	0.0000	0.0000
Adj. R^2	0.3033			-			-						
Number of Obs.	1133			636			497						

Appendix 316: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
FT_{Long7}	-0.0018	-0.5283		-0.0043	-1.4834		-0.0002	-0.0435		0.5977	1.2316	0.1380	0.9653	
EPT_{Long5}	0.0019	0.5213		0.0008	0.2321		-0.0042	-0.7836		0.6025	1.2220	0.8165	0.4333	
RPT_{Long5}	0.0035	1.0185		-0.0013	-0.3811		-0.0061	-1.2297		0.3092	1.1682	0.7031	0.2188	
Audit Partner-Specific Variables														
EP_{Exp}	0.0003	1.1415		-0.0001	-0.5235		-0.0007	-1.7569	*	0.2545	1.2730	0.6006	0.0789	
RP_{Exp}	-0.0004	-1.5019		0.0001	0.5344		0.0007	2.0619	**	0.1341	1.1975	0.5931	0.0392	
$EP_{Ability}$	-0.0008	-0.1793		0.0029	0.5872		-0.0026	-0.4014		0.8578	1.0645	0.5571	0.6881	
$RP_{Ability}$	-0.0025	-0.6465		-0.0010	-0.2838		-0.0013	-0.2636		0.5184	1.1442	0.7765	0.7921	
Gender	0.0000	0.0086		0.0012	0.3381		-0.0021	-0.4145		0.9932	1.0798	0.7353	0.6785	
Audit Firm-Specific Variables														
Big4	0.0048	0.9876		0.0050	1.2821		-0.0044	-0.7204		0.3241	2.1000	0.1998	0.4712	
IndExp	0.0012	0.1713		0.0117	1.9977	**	-0.0055	-0.6469		0.8641	1.6897	0.0458	0.5177	
Office	-0.0005	-0.5473		0.0002	0.2680		0.0009	0.8257		0.5845	2.4074	0.7887	0.4090	
Client-Specific Variables														
Age	-0.0002	-0.1372		-0.0012	-0.8342		-0.0017	-0.8519		0.8909	1.4426	0.4042	0.3943	
Size	0.0013	0.8930		-0.0003	-0.2649		-0.0001	-0.0961		0.3725	2.8148	0.7911	0.9234	
OCF	0.0370	1.2467		-0.2307	-12.5410	***	-0.1744	-8.5855	***	0.2134	1.7729	0.0000	0.0000	
Lev	-0.1151	-2.8859	***	0.3544	11.9930	***	0.2878	10.4253	***	0.0042	7.4226	0.0000	0.0000	
pBank	0.0196	3.5168	***	-0.0598	-12.9792	***	-0.0499	-11.8948	***	0.0005	8.9489	0.0000	0.0000	
Growth	0.0019	0.2919		0.0055	0.9502		-0.0017	-0.2241		0.7705	1.2048	0.3420	0.8227	
MB	-0.0016	-1.5759		-0.0014	-1.8897	*	0.0008	0.8284		0.1160	1.2777	0.0588	0.4074	
AbsTA	0.1790	4.3130	***	0.1855	9.1993	***	-0.0844	-2.8278	***	0.0000	1.6294	0.0000	0.0047	
AC	-0.0077	-2.0009	**	-0.0024	-0.7024		0.0075	1.6088		0.0462	1.6195	0.4825	0.1077	
Lag	0.0161	3.0005	***	0.0068	1.5263		-0.0108	-1.5544		0.0029	1.4192	0.1269	0.1201	
Busy	0.0012	0.3190		-0.0012	-0.3001		-0.0071	-1.1994		0.7499	1.1032	0.7641	0.2304	
Intercept	0.0521	1.2418		-0.2549	-7.9972	***	-0.2081	-4.6577	***	0.2152	-	0.0000	0.0000	
Adj. R^2	0.3042			-			-							
Number of Obs.	1133			636			497							

Appendix 317: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long8}	0.0000	-0.0146		-0.0020	-0.6567		-0.0011	-0.2522		0.9884	1.2570	0.5114	0.8009
EPT_{Long5}	0.0017	0.4674		0.0004	0.1214		-0.0041	-0.7785		0.6405	1.2153	0.9034	0.4363
RPT_{Long5}	0.0033	0.9525		-0.0018	-0.5244		-0.0061	-1.2307		0.3415	1.1570	0.6000	0.2184
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1576		-0.0001	-0.4687		-0.0007	-1.7593	*	0.2479	1.2717	0.6393	0.0785
RP_{Exp}	-0.0004	-1.4538		0.0001	0.5850		0.0007	2.0567	**	0.1470	1.1992	0.5586	0.0397
$EP_{Ability}$	-0.0007	-0.1528		0.0030	0.6126		-0.0027	-0.4270		0.8787	1.0654	0.5401	0.6694
$RP_{Ability}$	-0.0025	-0.6373		-0.0009	-0.2468		-0.0013	-0.2617		0.5244	1.1440	0.8050	0.7936
Gender	0.0000	-0.0021		0.0012	0.3332		-0.0021	-0.4011		0.9983	1.0793	0.7390	0.6883
Audit Firm-Specific Variables													
Big4	0.0051	1.0524		0.0053	1.3600		-0.0046	-0.7568		0.2934	2.0966	0.1738	0.4492
IndExp	0.0011	0.1585		0.0115	1.9523	*	-0.0055	-0.6464		0.8741	1.6897	0.0509	0.5180
Office	-0.0006	-0.6193		0.0001	0.1502		0.0009	0.8521		0.5361	2.4084	0.8806	0.3942
Client-Specific Variables													
Age	-0.0004	-0.2330		-0.0015	-1.0288		-0.0016	-0.8068		0.8159	1.4430	0.3036	0.4198
Size	0.0012	0.8446		-0.0003	-0.3173		-0.0001	-0.0702		0.3989	2.8285	0.7510	0.9441
OCF	0.0366	1.2351		-0.2305	-12.5024	***	-0.1740	-8.5442	***	0.2177	1.7772	0.0000	0.0000
Lev	-0.1146	-2.8666	***	0.3544	11.9680	***	0.2873	10.3885	***	0.0044	7.4472	0.0000	0.0000
pBank	0.0195	3.4841	***	-0.0599	-12.9702	***	-0.0498	-11.8587	***	0.0006	8.9811	0.0000	0.0000
Growth	0.0019	0.2932		0.0058	0.9985		-0.0017	-0.2205		0.7695	1.2049	0.3180	0.8255
MB	-0.0016	-1.5723		-0.0014	-1.8897	*	0.0008	0.8208		0.1169	1.2777	0.0588	0.4118
AbsTA	0.1789	4.3229	***	0.1845	9.1391	***	-0.0842	-2.8250	***	0.0000	1.6295	0.0000	0.0047
AC	-0.0077	-2.0146	**	-0.0025	-0.7082		0.0076	1.6195		0.0448	1.6242	0.4788	0.1053
Lag	0.0163	3.0205	***	0.0069	1.5498		-0.0108	-1.5629		0.0027	1.4163	0.1212	0.1181
Busy	0.0011	0.2995		-0.0014	-0.3616		-0.0071	-1.2016		0.7647	1.1032	0.7176	0.2295
Intercept	0.0521	1.2366		-0.2542	-7.9643	***	-0.2082	-4.6615	***	0.2172	-	0.0000	0.0000
Adj. R^2	0.3039			-			-						
Number of Obs.	1133			636			497						

Appendix 318: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} ($Less\ Freq_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long9}	0.0006	0.1971		-0.0046	-1.4312		-0.0063	-1.3946		0.8438	1.2811	0.1524	0.1631
EPT_{Long5}	0.0017	0.4605		0.0006	0.1597		-0.0042	-0.7844		0.6455	1.2146	0.8731	0.4328
RPT_{Long5}	0.0032	0.9333		-0.0016	-0.4665		-0.0057	-1.1546		0.3514	1.1573	0.6409	0.2482
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1527		-0.0001	-0.4714		-0.0006	-1.6877	*	0.2499	1.2713	0.6374	0.0915
RP_{Exp}	-0.0004	-1.4436		0.0001	0.5311		0.0007	2.0625	**	0.1498	1.1928	0.5953	0.0392
$EP_{Ability}$	-0.0006	-0.1453		0.0032	0.6515		-0.0035	-0.5519		0.8845	1.0637	0.5147	0.5810
$RP_{Ability}$	-0.0025	-0.6338		-0.0009	-0.2614		-0.0013	-0.2803		0.5267	1.1441	0.7938	0.7793
Gender	0.0000	-0.0040		0.0010	0.2859		-0.0016	-0.3111		0.9968	1.0793	0.7749	0.7557
Audit Firm-Specific Variables													
Big4	0.0052	1.0738		0.0052	1.3303		-0.0056	-0.9335		0.2837	2.0877	0.1834	0.3506
IndExp	0.0011	0.1536		0.0119	2.0207	**	-0.0057	-0.6678		0.8780	1.6899	0.0433	0.5043
Office	-0.0006	-0.6419		0.0002	0.2302		0.0010	0.9353		0.5214	2.3861	0.8180	0.3496
Client-Specific Variables													
Age	-0.0004	-0.2646		-0.0014	-0.9600		-0.0013	-0.6531		0.7915	1.4252	0.3371	0.5137
Size	0.0012	0.8116		-0.0002	-0.1571		0.0002	0.1482		0.4176	2.8707	0.8752	0.8822
OCF	0.0365	1.2304		-0.2308	-12.5396	***	-0.1728	-8.5230	***	0.2194	1.7724	0.0000	0.0000
Lev	-0.1144	-2.8598	***	0.3548	12.0078	***	0.2868	10.4135	***	0.0045	7.4158	0.0000	0.0000
pBank	0.0195	3.4818	***	-0.0600	-13.0259	***	-0.0498	-11.9174	***	0.0006	8.9255	0.0000	0.0000
Growth	0.0019	0.3006		0.0052	0.8864		-0.0016	-0.2087		0.7639	1.2073	0.3754	0.8347
MB	-0.0016	-1.5724		-0.0014	-1.8703	*	0.0007	0.7835		0.1168	1.2778	0.0614	0.4333
AbsTA	0.1789	4.3206	***	0.1846	9.1544	***	-0.0828	-2.7824	***	0.0000	1.6293	0.0000	0.0054
AC	-0.0078	-2.0128	**	-0.0023	-0.6629		0.0082	1.7507	*	0.0450	1.6277	0.5074	0.0800
Lag	0.0163	3.0191	***	0.0071	1.5889		-0.0105	-1.5188		0.0027	1.4153	0.1121	0.1288
Busy	0.0011	0.2897		-0.0013	-0.3240		-0.0070	-1.1864		0.7722	1.1042	0.7459	0.2355
Intercept	0.0526	1.2452		-0.2576	-8.0534	***	-0.2139	-4.7771	***	0.2140	-	0.0000	0.0000
Adj. R^2	0.3040			-			-						
Number of Obs.	1133			636			497						

Appendix 319: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (*Less Freq*$_{AF\_Switch}$)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long10}	-0.0016	-0.4311		-0.0036	-0.9807		-0.0016	-0.3322		0.6667	1.2835	0.3267	0.7397
EPT_{Long5}	0.0017	0.4705		0.0005	0.1256		-0.0042	-0.7953		0.6383	1.2132	0.9001	0.4265
RPT_{Long5}	0.0034	0.9850		-0.0018	-0.5303		-0.0061	-1.2233		0.3253	1.1539	0.5959	0.2212
Audit Partner-Specific Variables													
EP_{Exp}	0.0003	1.1605		-0.0001	-0.4679		-0.0006	-1.7398	*	0.2467	1.2714	0.6398	0.0819
RP_{Exp}	-0.0004	-1.4714		0.0001	0.5867		0.0007	2.0720	**	0.1422	1.1915	0.5574	0.0383
$EP_{Ability}$	-0.0007	-0.1674		0.0030	0.6110		-0.0027	-0.4277		0.8672	1.0640	0.5412	0.6689
$RP_{Ability}$	-0.0025	-0.6433		-0.0008	-0.2270		-0.0013	-0.2790		0.5205	1.1443	0.8205	0.7802
Gender	0.0000	-0.0037		0.0011	0.2979		-0.0021	-0.4046		0.9970	1.0792	0.7658	0.6857
Audit Firm-Specific Variables													
Big4	0.0050	1.0207		0.0054	1.3855		-0.0046	-0.7658		0.3082	2.0804	0.1659	0.4438
IndExp	0.0012	0.1679		0.0117	1.9922	**	-0.0056	-0.6551		0.8667	1.6900	0.0464	0.5124
Office	-0.0006	-0.6076		0.0001	0.1358		0.0009	0.8358		0.5439	2.3674	0.8920	0.4033
Client-Specific Variables													
Age	-0.0003	-0.2029		-0.0015	-1.0547		-0.0017	-0.8325		0.8393	1.4123	0.2916	0.4051
Size	0.0013	0.8883		-0.0002	-0.2006		0.0000	-0.0332		0.3751	2.8956	0.8410	0.9736
OCF	0.0368	1.2333		-0.2306	-12.5183	***	-0.1742	-8.5890	***	0.2184	1.7707	0.0000	0.0000
Lev	-0.1150	-2.8660	***	0.3540	11.9570	***	0.2877	10.4284	***	0.0044	7.4234	0.0000	0.0000
pBank	0.0195	3.4811	***	-0.0599	-12.9796	***	-0.0499	-11.9025	***	0.0006	8.9332	0.0000	0.0000
Growth	0.0018	0.2763		0.0056	0.9522		-0.0017	-0.2275		0.7825	1.2067	0.3410	0.8200
MB	-0.0016	-1.5745		-0.0014	-1.8688	*	0.0008	0.8097		0.1164	1.2778	0.0617	0.4181
AbsTA	0.1789	4.3220	***	0.1839	9.1035	***	-0.0840	-2.8156	***	0.0000	1.6295	0.0000	0.0049
AC	-0.0076	-1.9675	**	-0.0023	-0.6621		0.0076	1.6262		0.0500	1.6288	0.5079	0.1039
Lag	0.0163	3.0389	***	0.0071	1.5868		-0.0107	-1.5493		0.0026	1.4155	0.1126	0.1213
Busy	0.0012	0.3184		-0.0014	-0.3603		-0.0071	-1.1851		0.7504	1.1043	0.7186	0.2360
Intercept	0.0512	1.2164		-0.2557	-7.9985	***	-0.2092	-4.6708	***	0.2247	-	0.0000	0.0000
Adj. R^2	0.3041			-			-						
Number of Obs.	1133			636			497						

Appendix 320: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on *FT*, *EPT* and *RPT* (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT	-0.0001	-0.2785		-0.0002	-0.5661		0.0001	0.2323		0.7808	1.4507	0.5713	0.8163
EPT	0.0003	0.3282		-0.0004	-0.5567		-0.0014	-1.2530		0.7429	1.3233	0.5777	0.2102
RPT	0.0005	0.7066		0.0004	0.5095		0.0000	0.0014		0.4803	1.2840	0.6104	0.9989
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.7294		0.0000	0.0646		-0.0003	-0.9607		0.4662	1.2887	0.9485	0.3367
RP_{Exp}	-0.0003	-1.3870		-0.0001	-0.4639		0.0001	0.4599		0.1663	1.2046	0.6427	0.6456
$EP_{Ability}$	-0.0017	-0.4753		0.0013	0.3101		-0.0012	-0.2117		0.6349	1.0505	0.7565	0.8323
$RP_{Ability}$	-0.0010	-0.2688		-0.0026	-0.7916		-0.0023	-0.5023		0.7882	1.1444	0.4286	0.6154
Gender	0.0025	0.5747		0.0004	0.1169		-0.0034	-0.7582		0.5659	1.0783	0.9069	0.4483
Audit Firm-Specific Variables													
Big4	0.0077	1.8641	*	0.0045	1.2558		-0.0125	-2.3995	**	0.0631	2.0637	0.2092	0.0164
IndExp	0.0068	1.0793		0.0112	2.1298	**	-0.0138	-1.8037	*	0.2812	1.6709	0.0332	0.0713
Office	-0.0006	-0.7376		0.0000	0.0494		0.0005	0.5887		0.4613	2.3361	0.9606	0.5560
Client-Specific Variables													
Age	-0.0017	-1.1457		-0.0028	-2.2843	**	0.0008	0.4292		0.2527	1.4214	0.0224	0.6678
Size	0.0020	1.4659		-0.0002	-0.1933		-0.0011	-0.8734		0.1435	2.9741	0.8467	0.3824
OCF	0.0301	1.1032		-0.1966	-12.8653	***	-0.1879	-9.9495	***	0.2707	1.7486	0.0000	0.0000
Lev	-0.1055	-2.6227	***	0.3263	11.8092	***	0.2608	10.2111	***	0.0091	7.4690	0.0000	0.0000
pBank	0.0178	3.0209	***	-0.0551	-13.1612	***	-0.0487	-12.6856	***	0.0027	9.0744	0.0000	0.0000
Growth	-0.0015	-0.2680		0.0097	1.8674	*	0.0071	1.1729		0.7888	1.2010	0.0618	0.2408
MB	-0.0008	-0.9221		-0.0010	-1.5588		0.0003	0.3381		0.3571	1.2355	0.1190	0.7353
AbsTA	0.1666	4.3526	***	0.1584	9.2376	***	-0.0733	-2.7572	***	0.0000	1.6272	0.0000	0.0058
AC	-0.0083	-2.4228	**	-0.0027	-0.8689		0.0091	2.1771	**	0.0159	1.6176	0.3849	0.0295
Lag	0.0143	3.3677	***	0.0045	1.1267		-0.0171	-2.9546	***	0.0008	1.4189	0.2599	0.0031
Busy	-0.0013	-0.3668		-0.0058	-1.5973		-0.0034	-0.6816		0.7140	1.0780	0.1102	0.4955
Intercept	0.0474	1.2066		-0.2143	-7.2649	***	-0.1545	-4.0187	***	0.2284	-	0.0000	0.0001
Adj. R^2	0.3012			-			-						
Number of Obs.	1270			707			563						

Appendix 321: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short}, EPT_{Short} and RPT_{Short} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short}	0.0032	0.8912		0.0041	1.2574		0.0000	0.0076		0.3734	1.5786	0.2086	0.9940
EPT_{Short}	-0.0027	-0.8739		-0.0006	-0.2078		0.0056	1.2526		0.3827	1.4185	0.8354	0.2103
RPT_{Short}	-0.0041	-1.4867		-0.0050	-1.6479	*	-0.0015	-0.3470		0.1380	1.4112	0.0994	0.7286
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.6018		0.0000	-0.1993		-0.0003	-0.9582		0.5477	1.2672	0.8421	0.3380
RP_{Exp}	-0.0003	-1.4538		-0.0001	-0.6393		0.0001	0.4116		0.1469	1.1789	0.5226	0.6806
$EP_{Ability}$	-0.0017	-0.4674		0.0014	0.3430		-0.0013	-0.2170		0.6405	1.0484	0.7316	0.8282
$RP_{Ability}$	-0.0012	-0.3211		-0.0029	-0.8703		-0.0024	-0.5333		0.7483	1.1467	0.3841	0.5938
Gender	0.0025	0.5979		0.0006	0.1900		-0.0031	-0.6906		0.5503	1.0779	0.8493	0.4898
Audit Firm-Specific Variables													
Big4	0.0075	1.8104	*	0.0044	1.2286		-0.0126	-2.4329	**	0.0711	2.0488	0.2192	0.0150
IndExp	0.0068	1.0878		0.0109	2.0867	**	-0.0137	-1.7931	*	0.2774	1.6703	0.0369	0.0730
Office	-0.0005	-0.6585		0.0001	0.1379		0.0006	0.6302		0.5106	2.3362	0.8903	0.5286
Client-Specific Variables													
Age	-0.0016	-1.0929		-0.0027	-2.2109	**	0.0009	0.5269		0.2752	1.3966	0.0270	0.5983
Size	0.0020	1.5267		-0.0002	-0.1632		-0.0011	-0.8561		0.1277	2.8877	0.8704	0.3919
OCF	0.0305	1.1159		-0.1951	-12.7792	***	-0.1881	-9.9585	***	0.2652	1.7469	0.0000	0.0000
Lev	-0.1073	-2.6812	***	0.3231	11.7106	***	0.2593	10.1597	***	0.0077	7.4750	0.0000	0.0000
pBank	0.0181	3.0812	***	-0.0546	-13.0577	***	-0.0485	-12.6412	***	0.0022	9.0785	0.0000	0.0000
Growth	-0.0015	-0.2798		0.0100	1.9227	*	0.0072	1.1931		0.7798	1.2006	0.0545	0.2328
MB	-0.0008	-0.9170		-0.0010	-1.5465		0.0003	0.3383		0.3598	1.2340	0.1220	0.7351
AbsTA	0.1664	4.3599	***	0.1579	9.2367	***	-0.0749	-2.8195	***	0.0000	1.6237	0.0000	0.0048
AC	-0.0084	-2.4329	**	-0.0028	-0.9100		0.0091	2.1768	**	0.0155	1.6144	0.3628	0.0295
Lag	0.0142	3.3228	***	0.0046	1.1412		-0.0172	-2.9897	***	0.0010	1.4200	0.2538	0.0028
Busy	-0.0014	-0.3782		-0.0058	-1.6004		-0.0037	-0.7339		0.7055	1.0767	0.1095	0.4630
Intercept	0.0532	1.3471		-0.2118	-7.1913	***	-0.1596	-4.1416	***	0.1788	-	0.0000	0.0000
Adj. R^2	0.3026			-			-						
Number of Obs.	1270			707			563						

Appendix 322: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long}, EPT_{Long} and RPT_{Long} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long}	0.0019	0.4903		-0.0048	-1.2009		-0.0042	-0.7987		0.6242	1.2506	0.2298	0.4245
EPT_{Long}	-0.0019	-0.4353		-0.0074	-1.6674	*	-0.0044	-0.7027		0.6636	1.1310	0.0954	0.4823
RPT_{Long}	0.0028	0.7694		0.0020	0.4980		-0.0027	-0.4419		0.4422	1.1064	0.6185	0.6586
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.9191		0.0001	0.3201		-0.0004	-1.1169		0.3586	1.2369	0.7489	0.2640
RP_{Exp}	-0.0003	-1.3210		-0.0001	-0.5201		0.0001	0.4556		0.1873	1.1738	0.6030	0.6487
$EP_{Ability}$	-0.0017	-0.4593		0.0012	0.2789		-0.0011	-0.1887		0.6463	1.0491	0.7803	0.8504
$RP_{Ability}$	-0.0009	-0.2389		-0.0030	-0.9001		-0.0025	-0.5425		0.8113	1.1427	0.3680	0.5875
Gender	0.0023	0.5558		0.0007	0.2208		-0.0032	-0.7045		0.5787	1.0783	0.8253	0.4811
Audit Firm-Specific Variables													
Big4	0.0078	1.8995	*	0.0042	1.1680		-0.0129	-2.4968	**	0.0583	2.0478	0.2428	0.0125
IndExp	0.0066	1.0611		0.0114	2.1779	**	-0.0138	-1.8070	*	0.2894	1.6679	0.0294	0.0708
Office	-0.0006	-0.7829		0.0001	0.0756		0.0005	0.5566		0.4342	2.3062	0.9397	0.5778
Client-Specific Variables													
Age	-0.0018	-1.2272		-0.0028	-2.2916	**	0.0010	0.5382		0.2205	1.3860	0.0219	0.5904
Size	0.0018	1.3225		-0.0001	-0.0741		-0.0009	-0.6966		0.1868	2.9910	0.9409	0.4861
OCF	0.0297	1.0851		-0.1981	-12.9938	***	-0.1878	-9.9373	***	0.2786	1.7467	0.0000	0.0000
Lev	-0.1041	-2.5951	***	0.3261	11.8526	***	0.2593	10.1771	***	0.0098	7.4308	0.0000	0.0000
pBank	0.0176	2.9942	***	-0.0552	-13.2473	***	-0.0485	-12.6454	***	0.0029	9.0203	0.0000	0.0000
Growth	-0.0015	-0.2747		0.0096	1.8439	*	0.0072	1.1887		0.7837	1.2000	0.0652	0.2345
MB	-0.0008	-0.9226		-0.0010	-1.5222		0.0003	0.3317		0.3569	1.2330	0.1280	0.7401
AbsTA	0.1671	4.3742	***	0.1593	9.3357	***	-0.0746	-2.8064	***	0.0000	1.6195	0.0000	0.0050
AC	-0.0086	-2.4758	**	-0.0025	-0.7841		0.0095	2.2647	**	0.0138	1.6238	0.4330	0.0235
Lag	0.0141	3.3140	***	0.0042	1.0395		-0.0172	-2.9751	***	0.0010	1.4207	0.2986	0.0029
Busy	-0.0014	-0.3738		-0.0060	-1.6623	*	-0.0030	-0.5902		0.7088	1.0764	0.0964	0.5551
Intercept	0.0503	1.2661		-0.2156	-7.3107	***	-0.1571	-4.0899	***	0.2063	-	0.0000	0.0000
Adj. R^2	0.3012			-			-						
Number of Obs.	1270			707			563						

Appendix 323: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short2}, EPT_{Short2} and RPT_{Short2} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short2}	0.0066	1.6017		0.0011	0.3019		-0.0144	-2.7399	***	0.1101	1.6885	0.7627	0.0061
EPT_{Short2}	-0.0023	-0.7704		0.0019	0.6617		0.0078	1.9286	*	0.4416	1.4879	0.5082	0.0538
RPT_{Short2}	-0.0022	-0.8502		0.0015	0.5244		0.0050	1.2247		0.3958	1.5194	0.6000	0.2207
Audit Partner-Specific Variables													
EP_{Exp}	0.0002	0.6841		0.0000	0.1009		-0.0003	-0.9077		0.4943	1.2610	0.9196	0.3640
RP_{Exp}	-0.0003	-1.3258		0.0000	-0.1902		0.0002	0.6467		0.1857	1.1730	0.8492	0.5178
$EP_{Ability}$	-0.0019	-0.5185		0.0014	0.3428		-0.0003	-0.0499		0.6044	1.0490	0.7318	0.9602
$RP_{Ability}$	-0.0012	-0.3094		-0.0024	-0.7195		-0.0019	-0.4210		0.7572	1.1466	0.4718	0.6738
Gender	0.0027	0.6255		0.0001	0.0258		-0.0042	-0.9231		0.5320	1.0815	0.9795	0.3559
Audit Firm-Specific Variables													
Big4	0.0072	1.7583	*	0.0047	1.3100		-0.0118	-2.3083	**	0.0796	2.0437	0.1902	0.0210
IndExp	0.0073	1.1689		0.0112	2.1432	**	-0.0157	-2.0591	**	0.2432	1.6718	0.0321	0.0395
Office	-0.0006	-0.7007		0.0000	-0.0393		0.0003	0.3467		0.4840	2.3165	0.9687	0.7289
Client-Specific Variables													
Age	-0.0016	-1.1007		-0.0031	-2.4928	**	0.0006	0.3530		0.2718	1.3877	0.0127	0.7241
Size	0.0021	1.5844		-0.0003	-0.2818		-0.0016	-1.2541		0.1140	2.8897	0.7781	0.2098
OCF	0.0307	1.1223		-0.1968	-12.8898	***	-0.1890	-10.0700	***	0.2625	1.7476	0.0000	0.0000
Lev	-0.1055	-2.6142	***	0.3287	11.9168	***	0.2646	10.4240	***	0.0093	7.4402	0.0000	0.0000
pBank	0.0178	3.0222	***	-0.0555	-13.2648	***	-0.0495	-12.9485	***	0.0027	9.0465	0.0000	0.0000
Growth	-0.0016	-0.2910		0.0094	1.8059	*	0.0070	1.1601		0.7712	1.2039	0.0709	0.2460
MB	-0.0008	-0.9468		-0.0010	-1.5965		0.0003	0.4029		0.3444	1.2354	0.1104	0.6870
AbsTA	0.1668	4.3740	***	0.1583	9.2552	***	-0.0713	-2.6983	***	0.0000	1.6227	0.0000	0.0070
AC	-0.0084	-2.4296	**	-0.0027	-0.8630		0.0097	2.3383	**	0.0156	1.6149	0.3881	0.0194
Lag	0.0141	3.3102	***	0.0042	1.0609		-0.0170	-2.9623	***	0.0010	1.4168	0.2887	0.0031
Busy	-0.0013	-0.3657		-0.0059	-1.6248		-0.0031	-0.6242		0.7148	1.0773	0.1042	0.5325
Intercept	0.0485	1.2250		-0.2165	-7.3701	***	-0.1559	-4.0834	***	0.2214	-	0.0000	0.0000
Adj. R^2	0.3026			-			-						
Number of Obs.	1270			707			563						

Appendix 324: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long7}, EPT_{Long5} and RPT_{Long5} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long7}	-0.0002	-0.0556		-0.0010	-0.3656		0.0004	0.1111		0.9557	1.2356	0.7147	0.9115
EPT_{Long5}	0.0033	0.9070		0.0007	0.2212		-0.0065	-1.2985		0.3650	1.2282	0.8249	0.1941
RPT_{Long5}	0.0044	1.3264		0.0038	1.1865		-0.0028	-0.5958		0.1856	1.1780	0.2354	0.5513
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5700		-0.0001	-0.2183		-0.0003	-0.9925		0.5690	1.2537	0.8272	0.3209
RP_{Exp}	-0.0003	-1.4632		-0.0001	-0.5398		0.0002	0.5411		0.1443	1.1827	0.5893	0.5885
$EP_{Ability}$	-0.0016	-0.4268		0.0015	0.3557		-0.0015	-0.2563		0.6698	1.0509	0.7220	0.7977
$RP_{Ability}$	-0.0011	-0.2932		-0.0027	-0.8358		-0.0023	-0.5138		0.7695	1.1439	0.4033	0.6074
Gender	0.0024	0.5609		0.0006	0.1847		-0.0031	-0.6864		0.5752	1.0769	0.8535	0.4924
Audit Firm-Specific Variables													
Big4	0.0078	1.9084	*	0.0046	1.2763		-0.0128	-2.4523	**	0.0571	2.0612	0.2019	0.0142
IndExp	0.0065	1.0366		0.0108	2.0649	**	-0.0136	-1.7836	*	0.3006	1.6690	0.0389	0.0745
Office	-0.0006	-0.7299		0.0001	0.0912		0.0006	0.5976		0.4659	2.3452	0.9274	0.5501
Client-Specific Variables													
Age	-0.0018	-1.2120		-0.0028	-2.2911	**	0.0009	0.4901		0.2263	1.4254	0.0220	0.6241
Size	0.0019	1.4264		-0.0003	-0.2893		-0.0011	-0.8290		0.1546	2.8882	0.7723	0.4071
OCF	0.0307	1.1300		-0.1956	-12.8066	***	-0.1886	-9.9912	***	0.2592	1.7507	0.0000	0.0000
Lev	-0.1073	-2.6742	***	0.3233	11.6937	***	0.2608	10.2412	***	0.0078	7.4648	0.0000	0.0000
pBank	0.0180	3.0691	***	-0.0547	-13.0708	***	-0.0487	-12.6966	***	0.0023	9.0666	0.0000	0.0000
Growth	-0.0017	-0.3165		0.0102	1.9530	*	0.0075	1.2309		0.7518	1.2007	0.0508	0.2184
MB	-0.0008	-0.9245		-0.0010	-1.5307		0.0003	0.3684		0.3559	1.2329	0.1258	0.7126
AbsTA	0.1655	4.3431	***	0.1563	9.1389	***	-0.0744	-2.8016	***	0.0000	1.6240	0.0000	0.0051
AC	-0.0081	-2.3369	**	-0.0026	-0.8207		0.0090	2.1506	**	0.0200	1.6178	0.4118	0.0315
Lag	0.0144	3.3977	***	0.0048	1.1923		-0.0171	-2.9384	***	0.0008	1.4207	0.2331	0.0033
Busy	-0.0015	-0.4051		-0.0058	-1.5937		-0.0034	-0.6662		0.6856	1.0768	0.1110	0.5053
Intercept	0.0499	1.2752		-0.2142	-7.2900	***	-0.1576	-4.1039	***	0.2031	-	0.0000	0.0000
Adj. R^2	0.3030			-			-						
Number of Obs.	1270			707			563						

Appendix 325: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long8}, EPT_{Long5} and RPT_{Long5} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long8}	0.0013	0.4497		0.0004	0.1542		-0.0008	-0.2029		0.6532	1.2503	0.8774	0.8392
EPT_{Long5}	0.0032	0.8751		0.0006	0.1888		-0.0063	-1.2724		0.3821	1.2206	0.8502	0.2032
RPT_{Long5}	0.0042	1.2862		0.0036	1.1220		-0.0027	-0.5742		0.1992	1.1654	0.2618	0.5658
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5783		-0.0001	-0.2094		-0.0003	-1.0043		0.5635	1.2525	0.8341	0.3152
RP_{Exp}	-0.0003	-1.4195		-0.0001	-0.4854		0.0002	0.5271		0.1566	1.1844	0.6274	0.5982
$EP_{Ability}$	-0.0014	-0.3961		0.0016	0.3949		-0.0015	-0.2618		0.6922	1.0517	0.6929	0.7935
$RP_{Ability}$	-0.0011	-0.2940		-0.0027	-0.8265		-0.0023	-0.5074		0.7690	1.1439	0.4085	0.6119
Gender	0.0023	0.5591		0.0006	0.1949		-0.0030	-0.6656		0.5764	1.0766	0.8455	0.5057
Audit Firm-Specific Variables													
Big4	0.0081	1.9599	*	0.0048	1.3334		-0.0130	-2.4899	**	0.0508	2.0590	0.1824	0.0128
IndExp	0.0064	1.0254		0.0108	2.0521	**	-0.0136	-1.7768	*	0.3059	1.6688	0.0402	0.0756
Office	-0.0007	-0.7836		0.0000	0.0088		0.0006	0.6221		0.4338	2.3472	0.9930	0.5339
Client-Specific Variables													
Age	-0.0019	-1.3054		-0.0030	-2.3903	**	0.0010	0.5505		0.1926	1.4252	0.0168	0.5820
Size	0.0018	1.3666		-0.0004	-0.3480		-0.0010	-0.7915		0.1726	2.9032	0.7279	0.4287
OCF	0.0302	1.1161		-0.1959	-12.8134	***	-0.1883	-9.9584	***	0.2651	1.7546	0.0000	0.0000
Lev	-0.1067	-2.6651	***	0.3233	11.6914	***	0.2603	10.2060	***	0.0080	7.4834	0.0000	0.0000
pBank	0.0179	3.0574	***	-0.0547	-13.0702	***	-0.0486	-12.6406	***	0.0024	9.0926	0.0000	0.0000
Growth	-0.0017	-0.3137		0.0102	1.9710	**	0.0075	1.2329		0.7539	1.2007	0.0487	0.2176
MB	-0.0008	-0.9243		-0.0010	-1.5464		0.0003	0.3597		0.3559	1.2329	0.1220	0.7191
AbsTA	0.1654	4.3524	***	0.1563	9.1360	***	-0.0743	-2.8002	***	0.0000	1.6234	0.0000	0.0051
AC	-0.0081	-2.3587	**	-0.0027	-0.8533		0.0090	2.1534	**	0.0189	1.6208	0.3935	0.0313
Lag	0.0145	3.4029	***	0.0047	1.1826		-0.0173	-2.9816	***	0.0007	1.4188	0.2370	0.0029
Busy	-0.0015	-0.4150		-0.0058	-1.6098		-0.0034	-0.6648		0.6784	1.0768	0.1074	0.5062
Intercept	0.0503	1.2813		-0.2130	-7.2444	***	-0.1571	-4.0943	***	0.2009	-	0.0000	0.0000
Adj. R^2	0.3031			-			-						
Number of Obs.	1270			707			563						

Appendix 326: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long9}, EPT_{Long5} and RPT_{Long5} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long9}	0.0003	0.1086		-0.0026	-0.8775		-0.0027	-0.6527		0.9135	1.2709	0.3802	0.5139
EPT_{Long5}	0.0033	0.8939		0.0008	0.2244		-0.0062	-1.2584		0.3720	1.2195	0.8224	0.2082
RPT_{Long5}	0.0043	1.3162		0.0039	1.2267		-0.0025	-0.5394		0.1889	1.1648	0.2200	0.5896
Audit Partner-Specific Variables													
EP_{Exp}	0.0001	0.5695		0.0000	-0.1779		-0.0003	-1.0006		0.5694	1.2526	0.8588	0.3170
RP_{Exp}	-0.0003	-1.4529		-0.0001	-0.5917		0.0002	0.5294		0.1471	1.1792	0.5541	0.5965
$EP_{Ability}$	-0.0015	-0.4191		0.0015	0.3569		-0.0017	-0.2807		0.6754	1.0500	0.7212	0.7790
$RP_{Ability}$	-0.0011	-0.2923		-0.0027	-0.8301		-0.0024	-0.5176		0.7702	1.1440	0.4065	0.6048
Gender	0.0024	0.5591		0.0005	0.1555		-0.0029	-0.6452		0.5764	1.0766	0.8765	0.5188
Audit Firm-Specific Variables													
Big4	0.0079	1.9312	*	0.0045	1.2674		-0.0133	-2.5537	**	0.0542	2.0518	0.2050	0.0107
IndExp	0.0065	1.0302		0.0111	2.1169	**	-0.0138	-1.8055	*	0.3036	1.6688	0.0343	0.0710
Office	-0.0006	-0.7435		0.0001	0.1636		0.0006	0.6282		0.4577	2.3319	0.8701	0.5299
Client-Specific Variables													
Age	-0.0018	-1.2609		-0.0028	-2.2577	**	0.0011	0.6108		0.2082	1.4055	0.0240	0.5413
Size	0.0019	1.3996		-0.0002	-0.1811		-0.0009	-0.6899		0.1625	2.9433	0.8563	0.4903
OCF	0.0306	1.1269		-0.1954	-12.8062	***	-0.1882	-9.9746	***	0.2605	1.7493	0.0000	0.0000
Lev	-0.1072	-2.6701	***	0.3236	11.7093	***	0.2602	10.2272	***	0.0079	7.4592	0.0000	0.0000
pBank	0.0180	3.0631	***	-0.0548	-13.0952	***	-0.0486	-12.6866	***	0.0024	9.0489	0.0000	0.0000
Growth	-0.0017	-0.3107		0.0100	1.9154	*	0.0074	1.2135		0.7562	1.2026	0.0554	0.2249
MB	-0.0008	-0.9246		-0.0009	-1.5020		0.0003	0.3418		0.3558	1.2330	0.1331	0.7325
AbsTA	0.1655	4.3484	***	0.1560	9.1250	***	-0.0742	-2.7965	***	0.0000	1.6236	0.0000	0.0052
AC	-0.0081	-2.3357	**	-0.0025	-0.7874		0.0092	2.1949	**	0.0201	1.6242	0.4310	0.0282
Lag	0.0144	3.3925	***	0.0049	1.2316		-0.0172	-2.9878	***	0.0008	1.4188	0.2181	0.0028
Busy	-0.0015	-0.4099		-0.0057	-1.5550		-0.0033	-0.6609		0.6821	1.0780	0.1200	0.5086
Intercept	0.0502	1.2671		-0.2171	-7.3375	***	-0.1583	-4.1283	***	0.2059	-	0.0000	0.0000
Adj. R^2	0.3030			-			-						
Number of Obs.	1270			707			563						

Appendix 327: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long10}, EPT_{Long5} and RPT_{Long5} (*Alternative Prediction Model*)

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**		
Test Variables														
FT_{Long10}	-0.0004	-0.1025		0.0002	0.0622		0.0027	0.5885		0.9184	1.2663	0.9504	0.5562	
EPT_{Long5}	0.0033	0.8964		0.0007	0.1934		-0.0066	-1.3261		0.3706	1.2177	0.8466	0.1848	
RPT_{Long5}	0.0044	1.3459		0.0036	1.1397		-0.0029	-0.6221		0.1792	1.1606	0.2544	0.5339	
Audit Partner-Specific Variables														
EP_{Exp}	0.0001	0.5741		-0.0001	-0.2102		-0.0003	-1.0058		0.5663	1.2529	0.8335	0.3145	
RP_{Exp}	-0.0003	-1.4655		-0.0001	-0.5018		0.0002	0.5422		0.1437	1.1782	0.6158	0.5877	
$EP_{Ability}$	-0.0016	-0.4268		0.0016	0.3881		-0.0013	-0.2288		0.6697	1.0505	0.6979	0.8190	
$RP_{Ability}$	-0.0011	-0.2929		-0.0027	-0.8290		-0.0023	-0.4963		0.7698	1.1441	0.4071	0.6197	
Gender	0.0023	0.5570		0.0006	0.1894		-0.0031	-0.6880		0.5779	1.0766	0.8498	0.4914	
Audit Firm-Specific Variables														
Big4	0.0078	1.9058	*	0.0048	1.3261		-0.0125	-2.3966	**	0.0575	2.0448	0.1848	0.0165	
IndExp	0.0065	1.0343		0.0107	2.0435	**	-0.0133	-1.7456	*	0.3017	1.6689	0.0410	0.0809	
Office	-0.0006	-0.7395		0.0000	0.0299		0.0006	0.6120		0.4601	2.3190	0.9762	0.5405	
Client-Specific Variables														
Age	-0.0018	-1.2313		-0.0029	-2.3909	**	0.0008	0.4628		0.2190	1.3917	0.0168	0.6435	
Size	0.0019	1.4054		-0.0003	-0.3368		-0.0012	-0.9084		0.1607	2.9648	0.7363	0.3636	
OCF	0.0307	1.1265		-0.1958	-12.8256	***	-0.1888	-10.0089	***	0.2607	1.7474	0.0000	0.0000	
Lev	-0.1074	-2.6724	***	0.3232	11.6897	***	0.2612	10.2629	***	0.0079	7.4649	0.0000	0.0000	
pBank	0.0180	3.0634	***	-0.0547	-13.0661	***	-0.0487	-12.7320	***	0.0024	9.0549	0.0000	0.0000	
Growth	-0.0017	-0.3177		0.0102	1.9689	**	0.0076	1.2546		0.7509	1.2021	0.0490	0.2096	
MB	-0.0008	-0.9250		-0.0010	-1.5436		0.0003	0.3919		0.3556	1.2330	0.1227	0.6951	
AbsTA	0.1655	4.3559	***	0.1562	9.1287	***	-0.0746	-2.8109	***	0.0000	1.6234	0.0000	0.0049	
AC	-0.0080	-2.3257	**	-0.0027	-0.8463		0.0088	2.0912	**	0.0206	1.6259	0.3974	0.0365	
Lag	0.0145	3.4014	***	0.0047	1.1824		-0.0172	-2.9787	***	0.0007	1.4193	0.2371	0.0029	
Busy	-0.0015	-0.4011		-0.0058	-1.6078		-0.0035	-0.6847		0.6886	1.0783	0.1079	0.4936	
Intercept	0.0497	1.2569		-0.2131	-7.2084	***	-0.1566	-4.0852	***	0.2096	-	0.0000	0.0000	
Adj. R^2	0.3030			-			-							
Number of Obs.	1270			707			563							

Appendix 328: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on *FT* and *Team*

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT	-0.0002	-0.5361		-0.0005	-1.2389		-0.0001	-0.1863		0.5922	1.2781	0.2154	0.8522
Team	-0.0001	-0.1193		-0.0007	-0.7588		-0.0006	-0.4597		0.9051	1.1348	0.4480	0.6457
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.0202		0.0001	0.5984		0.0001	0.3718		0.9839	1.2787	0.5496	0.7101
$Team_{Ability}$	-0.0019	-0.6050		0.0000	-0.0107		-0.0022	-0.5400		0.5455	1.0996	0.9915	0.5892
Gender	-0.0009	-0.2013		0.0016	0.4682		0.0018	0.3908		0.8406	1.0789	0.6397	0.6959
Audit Firm-Specific Variables													
Big4	0.0047	1.0629		0.0053	1.4050	**	-0.0035	-0.6536		0.2885	2.0403	0.1600	0.5134
IndExp	0.0030	0.4504		0.0129	2.2840		-0.0044	-0.5565		0.6527	1.6740	0.0224	0.5779
Office	-0.0004	-0.5412		0.0000	0.0056		0.0006	0.6325		0.5887	2.3318	0.9956	0.5271
Client-Specific Variables													
Age	-0.0006	-0.4150		-0.0021	-1.5214		-0.0019	-1.0823		0.6784	1.4090	0.1282	0.2791
Size	0.0015	1.0888		0.0004	0.3313	***	-0.0001	-0.0473	***	0.2770	2.9320	0.7404	0.9623
OCF	0.0436	1.5593	**	-0.2271	-13.1809	***	-0.1799	-9.3762	***	0.1198	1.7449	0.0000	0.0000
Lev	-0.1000	-2.5021	***	0.3482	13.2551	***	0.2855	10.8343	***	0.0128	7.3953	0.0000	0.0000
pBank	0.0172	3.0322		-0.0605	-14.7543		-0.0501	-12.6010		0.0026	8.9931	0.0000	0.0000
Growth	-0.0029	-0.5025	*	-0.0021	-0.4089	**	-0.0029	-0.4271		0.6156	1.1993	0.6826	0.6693
MB	-0.0017	-1.7888	***	-0.0014	-2.0792	***	0.0005	0.6126	***	0.0745	1.2293	0.0376	0.5402
AbsTA	0.1813	4.4533	**	0.1935	10.8090		-0.0852	-3.0365	**	0.0000	1.6184	0.0000	0.0024
AC	-0.0090	-2.4850	***	-0.0042	-1.2421		0.0092	2.2016		0.0134	1.6027	0.2142	0.0277
Lag	0.0140	3.0857		0.0060	1.4204		-0.0095	-1.6146		0.0022	1.3956	0.1555	0.1064
Busy	-0.0004	-0.1140		-0.0020	-0.5235	***	-0.0052	-0.9939	***	0.9093	1.0718	0.6006	0.3203
Y2008	0.0060	1.5469		0.0120	2.7626	***	0.0028	0.4573		0.1228	1.6622	0.0057	0.6475
Y2009	0.0075	1.8865	*	0.0144	3.3076	***	0.0001	0.0153		0.0600	1.7558	0.0009	0.9878
Intercept	0.0460	1.1671		-0.2527	-8.3533	***	-0.2068	-5.3069	***	0.2440	-	0.0000	0.0000
Adj. R^2	0.2914			-			-						
Number of Obs.	1270			701			569						

Appendix 329: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short} and $Team_{Short}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Short}	0.0013	0.3822		0.0024	0.8157		0.0014	0.3581		0.7026	1.2017	0.4147	0.7203
$Team_{Short}$	-0.0015	-0.4159		0.0011	0.3194		0.0016	0.3022		0.6777	1.1832	0.7494	0.7625
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.0954		0.0001	0.5108		0.0001	0.3341		0.9240	1.2472	0.6095	0.7383
$Team_{Ability}$	-0.0020	-0.6158		-0.0002	-0.0612		-0.0023	-0.5642		0.5384	1.0987	0.9512	0.5726
Gender	-0.0008	-0.1848		0.0020	0.5639		0.0018	0.3885		0.8535	1.0786	0.5728	0.6976
Audit Firm-Specific Variables													
Big4	0.0049	1.1009		0.0054	1.4463	**	-0.0034	-0.6432		0.2717	2.0279	0.1481	0.5201
IndExp	0.0029	0.4347		0.0127	2.2570		-0.0042	-0.5343		0.6641	1.6747	0.0240	0.5931
Office	-0.0004	-0.5411		0.0000	-0.0669		0.0006	0.6674		0.5888	2.3277	0.9467	0.5045
Client-Specific Variables													
Age	-0.0007	-0.4587		-0.0022	-1.6078		-0.0019	-1.0771		0.6467	1.3847	0.1079	0.2814
Size	0.0015	1.0686		0.0002	0.2196	***	-0.0001	-0.0439	***	0.2860	2.8491	0.8261	0.9650
OCF	0.0434	1.5531	**	-0.2275	-13.1869	***	-0.1804	-9.4119	***	0.1213	1.7433	0.0000	0.0000
Lev	-0.1003	-2.5044	***	0.3487	13.2469	***	0.2856	10.8358	***	0.0127	7.3971	0.0000	0.0000
pBank	0.0172	3.0357		-0.0607	-14.7604		-0.0501	-12.5994		0.0026	8.9926	0.0000	0.0000
Growth	-0.0028	-0.4927	*	-0.0018	-0.3472	**	-0.0028	-0.4201		0.6225	1.1988	0.7284	0.6744
MB	-0.0017	-1.7848	***	-0.0014	-2.0770	***	0.0005	0.6314	***	0.0751	1.2286	0.0378	0.5278
AbsTA	0.1808	4.4512	**	0.1931	10.7726		-0.0854	-3.0480	**	0.0000	1.6169	0.0000	0.0023
AC	-0.0090	-2.4885	***	-0.0044	-1.3063		0.0091	2.1690		0.0133	1.6027	0.1915	0.0301
Lag	0.0140	3.0713		0.0060	1.4340		-0.0096	-1.6351		0.0023	1.3967	0.1516	0.1020
Busy	-0.0004	-0.1258		-0.0020	-0.5179	***	-0.0052	-0.9972	***	0.9000	1.0715	0.6046	0.3187
Intercept	0.0465	1.1527		-0.2575	-8.5430	***	-0.2106	-5.3238	***	0.2498	-	0.0000	0.0000
Adj. R^2	0.2914			-			-						
Number of Obs.	1270			701			569						

Appendix 330: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long} and $Team_{Long}$

	|DA|		DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**		**p-Value**	
Test Variables														
FT_{Long}	-0.0009	-0.2185		-0.0073	-1.7410		-0.0048	-0.8797		0.8272	1.2404		0.0817	0.3790
$Team_{Long}$	0.0008	0.1045		-0.0044	-0.5675		0.0095	0.8262		0.9168	1.0548		0.5704	0.4087
Audit Partner-Specific Variables														
$Team_{Exp}$	0.0000	-0.0512		0.0001	0.4206		0.0000	0.2294		0.9592	1.2269		0.6740	0.8186
$Team_{Ability}$	-0.0019	-0.6082		-0.0002	-0.0713		-0.0024	-0.5972		0.5434	1.0986		0.9431	0.5504
Gender	-0.0009	-0.2035		0.0020	0.5617		0.0018	0.3921		0.8389	1.0757		0.5743	0.6950
Audit Firm-Specific Variables														
Big4	0.0050	1.1304		0.0054	1.4484	**	-0.0031	-0.5690		0.2590	2.0237		0.1475	0.5693
IndExp	0.0029	0.4339		0.0129	2.2825		-0.0042	-0.5385		0.6646	1.6720		0.0225	0.5903
Office	-0.0005	-0.5870		0.0000	-0.0552		0.0006	0.6304		0.5576	2.3052		0.9560	0.5284
Client-Specific Variables														
Age	-0.0007	-0.4864		-0.0021	-1.5896		-0.0019	-1.0664		0.6270	1.3816		0.1119	0.2862
Size	0.0015	1.0414		0.0005	0.5045	***	0.0001	0.1085	***	0.2984	2.9580		0.6139	0.9136
OCF	0.0433	1.5479	**	-0.2278	-13.2130	***	-0.1816	-9.4410	***	0.1225	1.7434		0.0000	0.0000
Lev	-0.1002	-2.5063	***	0.3476	13.2276	***	0.2849	10.8203	***	0.0126	7.3888		0.0000	0.0000
pBank	0.0172	3.0310		-0.0606	-14.7567		-0.0500	-12.5999		0.0026	8.9765		0.0000	0.0000
Growth	-0.0028	-0.4888	*	-0.0016	-0.3260	**	-0.0029	-0.4247		0.6253	1.1983		0.7444	0.6710
MB	-0.0017	-1.7838	***	-0.0015	-2.1033	***	0.0005	0.5780	***	0.0753	1.2295		0.0354	0.5633
AbsTA	0.1809	4.4669	**	0.1920	10.7381		-0.0848	-3.0302	**	0.0000	1.6150		0.0000	0.0024
AC	-0.0089	-2.4650	***	-0.0038	-1.1263		0.0094	2.2413	*	0.0142	1.6094		0.2600	0.0250
Lag	0.0141	3.1142		0.0065	1.5576		-0.0097	-1.6581		0.0020	1.3954		0.1193	0.0973
Busy	-0.0004	-0.1244		-0.0020	-0.5224	***	-0.0050	-0.9628	***	0.9011	1.0725		0.6014	0.3356
Intercept	0.0456	1.1503		-0.2595	-8.6207	***	-0.2086	-5.3488	***	0.2508	-		0.0000	0.0000
Adj. R^2	0.2912			-			-							
Number of Obs.	1270			701			569							

Appendix 331: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Short2} and $Team_{Short2}$

	|DA|		DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**		**p-Value**	
Test Variables														
FT_{Short2}	0.0037	0.9935		0.0005	0.1583		-0.0079	-1.6887		0.3212	1.2277		0.8742	0.0913
$Team_{Short2}$	0.0005	0.1929		0.0028	0.9334		0.0039	0.9396		0.8471	1.2550		0.3506	0.3474
Audit Partner-Specific Variables														
$Team_{Exp}$	0.0000	0.0493		0.0001	0.6514		0.0001	0.3264		0.9607	1.2611		0.5148	0.7441
$Team_{Ability}$	-0.0019	-0.6103		-0.0001	-0.0258		-0.0016	-0.4024		0.5420	1.1001		0.9794	0.6874
Gender	-0.0008	-0.1940		0.0016	0.4690		0.0014	0.3049		0.8463	1.0804		0.6391	0.7605
Audit Firm-Specific Variables														
Big4	0.0047	1.0557		0.0057	1.5074	**	-0.0025	-0.4619		0.2918	2.0229		0.1317	0.6442
IndExp	0.0031	0.4669		0.0126	2.2319		-0.0053	-0.6719		0.6409	1.6733		0.0256	0.5017
Office	-0.0004	-0.5546		-0.0001	-0.0773	*	0.0004	0.4693		0.5795	2.3152		0.9384	0.6389
Client-Specific Variables														
Age	-0.0007	-0.4659		-0.0023	-1.7022		-0.0022	-1.2352		0.6416	1.3733		0.0887	0.2168
Size	0.0015	1.0976		0.0001	0.0958	***	-0.0003	-0.2590	***	0.2731	2.8483		0.9237	0.7956
OCF	0.0437	1.5604	**	-0.2273	-13.1826	***	-0.1807	-9.4475	***	0.1195	1.7441		0.0000	0.0000
Lev	-0.0995	-2.4877	***	0.3480	13.2433	***	0.2847	10.8248	***	0.0133	7.3827		0.0000	0.0000
pBank	0.0171	3.0199		-0.0606	-14.7644		-0.0501	-12.6271		0.0027	8.9791		0.0000	0.0000
Growth	-0.0031	-0.5376	*	-0.0018	-0.3474	**	-0.0034	-0.5016		0.5912	1.2016		0.7283	0.6160
MB	-0.0017	-1.8057	***	-0.0014	-2.0745	***	0.0006	0.6604	***	0.0718	1.2295		0.0380	0.5090
AbsTA	0.1814	4.4752	**	0.1926	10.7567		-0.0861	-3.0825	**	0.0000	1.6157		0.0000	0.0021
AC	-0.0090	-2.4870	***	-0.0044	-1.2952		0.0096	2.2959		0.0133	1.6004		0.1953	0.0217
Lag	0.0139	3.0684		0.0059	1.3938		-0.0093	-1.5881		0.0023	1.3950		0.1634	0.1123
Busy	-0.0004	-0.1127		-0.0021	-0.5580	***	-0.0054	-1.0308	***	0.9103	1.0717		0.5769	0.3026
Intercept	0.0435	1.0851		-0.2549	-8.4893	***	-0.2042	-5.2011	***	0.2786	-		0.0000	0.0000
Adj. R^2	0.2922			-			-							
Number of Obs.	1270			701			569							

Appendix 332: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long7} and $Team_{Long5}$

	|DA|		DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long7}	-0.0013	-0.4141		-0.0035	-1.2669		-0.0007	-0.1797		0.6790	1.1872	0.2052	0.8574
$Team_{Long5}$	0.0044	0.8414		-0.0015	-0.3089		-0.0074	-1.0468		0.4007	1.0897	0.7574	0.2952
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.1867		0.0001	0.4835		0.0001	0.4103		0.8520	1.2489	0.6287	0.6816
$Team_{Ability}$	-0.0020	-0.6170		-0.0002	-0.0760		-0.0021	-0.5189		0.5376	1.0986	0.9394	0.6038
Gender	-0.0008	-0.1780		0.0019	0.5482		0.0019	0.4157		0.8588	1.0762	0.5836	0.6776
Audit Firm-Specific Variables													
Big4	0.0049	1.0949		0.0053	1.3999	**	-0.0037	-0.6918		0.2743	2.0405	0.1615	0.4891
IndExp	0.0027	0.4139		0.0128	2.2615		-0.0039	-0.5008		0.6792	1.6749	0.0237	0.6165
Office	-0.0004	-0.5051		0.0000	0.0428		0.0006	0.6404		0.6138	2.3348	0.9659	0.5219
Client-Specific Variables													
Age	-0.0006	-0.4061		-0.0020	-1.4430		-0.0018	-1.0100		0.6849	1.4208	0.1490	0.3125
Size	0.0015	1.0658		0.0003	0.2551	***	-0.0001	-0.0394	***	0.2872	2.8562	0.7986	0.9686
OCF	0.0434	1.5668	**	-0.2271	-13.1736	***	-0.1793	-9.3382	***	0.1180	1.7465	0.0000	0.0000
Lev	-0.1008	-2.5321	***	0.3486	13.2452	***	0.2847	10.8077	***	0.0118	7.3860	0.0000	0.0000
pBank	0.0173	3.0706		-0.0606	-14.7421		-0.0500	-12.5851		0.0023	8.9833	0.0000	0.0000
Growth	-0.0029	-0.5123	*	-0.0017	-0.3270	**	-0.0027	-0.3950		0.6087	1.1990	0.7437	0.6929
MB	-0.0017	-1.7803	***	-0.0014	-2.0307	***	0.0005	0.6172	***	0.0759	1.2289	0.0423	0.5371
AbsTA	0.1803	4.4418	**	0.1932	10.7798		-0.0849	-3.0296	**	0.0000	1.6196	0.0000	0.0024
AC	-0.0088	-2.4421	***	-0.0043	-1.2490		0.0091	2.1634		0.0151	1.6051	0.2117	0.0305
Lag	0.0140	3.0761		0.0062	1.4720		-0.0095	-1.6193		0.0023	1.3976	0.1410	0.1054
Busy	-0.0004	-0.1094		-0.0018	-0.4778	***	-0.0055	-1.0413	***	0.9129	1.0716	0.6328	0.2977
Intercept	0.0462	1.1709		-0.2566	-8.5428	***	-0.2081	-5.3445	***	0.2424	-	0.0000	0.0000
Adj. R^2	0.2918			-			-						
Number of Obs.	1270			701			569						

Appendix 333: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long8} and $Team_{Long5}$

	|DA|		DA+		DA-		|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**	**Coeff.**	**t-Value**	**Coeff.**	**t-Value**	**p-Value**	**VIF**	**p-Value**	
Test Variables										
FT_{Long8}	0.0000	0.0136	-0.0016	-0.5630	-0.0012	-0.2906	0.9891	1.2254	0.5735	0.7713
$Team_{Long5}$	0.0043	0.8231	-0.0017	-0.3609	-0.0075	-1.0563	0.4110	1.0884	0.7182	0.2908
Audit Partner-Specific Variables										
$Team_{Exp}$	0.0000	-0.1669	0.0001	0.4959	0.0001	0.4088	0.8676	1.2495	0.6200	0.6827
$Team_{Ability}$	-0.0020	-0.6185	-0.0002	-0.0753	-0.0021	-0.5253	0.5366	1.0987	0.9400	0.5993
Gender	-0.0008	-0.1863	0.0019	0.5309	0.0020	0.4220	0.8523	1.0757	0.5955	0.6730
Audit Firm-Specific Variables										
Big4	0.0051	1.1452	0.0055	1.4722 **	-0.0038	-0.7100	0.2529	2.0381	0.1410	0.4777
IndExp	0.0026	0.3995	0.0127	2.2430	-0.0039	-0.4970	0.6898	1.6746	0.0249	0.6192
Office	-0.0004	-0.5507	0.0000	-0.0253	0.0006	0.6525	0.5822	2.3376	0.9799	0.5140
Client-Specific Variables										
Age	-0.0007	-0.4948	-0.0022	-1.5986	-0.0018	-0.9739	0.6210	1.4214	0.1099	0.3301
Size	0.0014	1.0205	0.0002	0.1976 ***	0.0000	-0.0216 ***	0.3082	2.8717	0.8433	0.9827
OCF	0.0431	1.5576 **	-0.2270	-13.1487 ***	-0.1790	-9.3028 ***	0.1202	1.7508	0.0000	0.0000
Lev	-0.1006	-2.5293 ***	0.3481	13.2079 ***	0.2844	10.7839 ***	0.0119	7.4031	0.0000	0.0000
pBank	0.0172	3.0594	-0.0606	-14.7159	-0.0499	-12.5586	0.0024	9.0096	0.0000	0.0000
Growth	-0.0029	-0.5117 *	-0.0014	-0.2824 **	-0.0027	-0.3990	0.6092	1.1990	0.7777	0.6899
MB	-0.0017	-1.7788 ***	-0.0014	-2.0418 ***	0.0005	0.6150 ***	0.0761	1.2290	0.0412	0.5385
AbsTA	0.1801	4.4489 **	0.1923	10.7298	-0.0848	-3.0294 **	0.0000	1.6187	0.0000	0.0025
AC	-0.0088	-2.4484 ***	-0.0043	-1.2502	0.0091	2.1650	0.0148	1.6073	0.2112	0.0304
Lag	0.0141	3.0975	0.0062	1.4830	-0.0095	-1.6261	0.0021	1.3950	0.1381	0.1039
Busy	-0.0004	-0.1208	-0.0020	-0.5157 ***	-0.0054	-1.0405 ***	0.9039	1.0715	0.6060	0.2981
Intercept	0.0465	1.1728	-0.2557	-8.5038 ***	-0.2083	-5.3485 ***	0.2417	-	0.0000	0.0000
Adj. R^2	0.2917		-		-					
Number of Obs.	1270		701		569					

Appendix 334: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long9} and $Team_{Long5}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long9}	0.0004	0.1290		-0.0045	-1.4328		-0.0065	-1.5330		0.8974	1.2505	0.1519	0.1253
$Team_{Long5}$	0.0043	0.8231		-0.0018	-0.3805		-0.0073	-1.0398		0.4110	1.0884	0.7036	0.2984
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.1658		0.0001	0.4844		0.0001	0.4620		0.8684	1.2463	0.6281	0.6441
$Team_{Ability}$	-0.0020	-0.6183		-0.0001	-0.0479		-0.0024	-0.5926		0.5368	1.0986	0.9618	0.5534
Gender	-0.0008	-0.1872		0.0017	0.4864		0.0023	0.4918		0.8516	1.0757	0.6267	0.6228
Audit Firm-Specific Variables													
Big4	0.0051	1.1556		0.0054	1.4383	**	-0.0047	-0.8788		0.2486	2.0303	0.1503	0.3795
IndExp	0.0026	0.3959		0.0129	2.2930		-0.0039	-0.4975		0.6924	1.6746	0.0218	0.6188
Office	-0.0005	-0.5598		0.0000	0.0445		0.0007	0.7099		0.5760	2.3238	0.9645	0.4778
Client-Specific Variables													
Age	-0.0007	-0.5194		-0.0021	-1.5182		-0.0014	-0.7694		0.6038	1.4011	0.1290	0.4416
Size	0.0014	0.9978		0.0004	0.3598	***	0.0003	0.2371	***	0.3190	2.9115	0.7190	0.8126
OCF	0.0431	1.5532	**	-0.2271	-13.1777	***	-0.1779	-9.2855	***	0.1212	1.7458	0.0000	0.0000
Lev	-0.1006	-2.5241	***	0.3483	13.2387	***	0.2844	10.8206	***	0.0120	7.3848	0.0000	0.0000
pBank	0.0172	3.0532		-0.0606	-14.7557		-0.0500	-12.6197		0.0024	8.9743	0.0000	0.0000
Growth	-0.0029	-0.5056	*	-0.0019	-0.3737	**	-0.0027	-0.3979		0.6134	1.2004	0.7086	0.6907
MB	-0.0017	-1.7794	***	-0.0014	-2.0191	***	0.0005	0.5862	***	0.0760	1.2290	0.0435	0.5577
AbsTA	0.1800	4.4455	**	0.1926	10.7616		-0.0830	-2.9710	**	0.0000	1.6189	0.0000	0.0030
AC	-0.0089	-2.4432	***	-0.0041	-1.2102		0.0095	2.2543		0.0150	1.6104	0.2262	0.0242
Lag	0.0141	3.0955		0.0064	1.5283		-0.0095	-1.6299		0.0021	1.3937	0.1264	0.1031
Busy	-0.0004	-0.1255		-0.0018	-0.4830	***	-0.0053	-1.0056	***	0.9002	1.0727	0.6291	0.3146
Intercept	0.0468	1.1743		-0.2588	-8.5924	***	-0.2134	-5.4692	***	0.2410	-	0.0000	0.0000
Adj. R^2	0.2917			-			-						
Number of Obs.	1270			701			569						

Appendix 335: Discretionary Accruals Joint Sensitivity Analysis: |*DA*|, *DA+* and *DA-* on FT_{Long10} and $Team_{Long5}$

	|DA|			DA+			DA-			|DA|		DA+	DA-
Variable	**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**Coeff.**	**t-Value**		**p-Value**	**VIF**	**p-Value**	
Test Variables													
FT_{Long10}	-0.0018	-0.5188		-0.0038	-1.0563		-0.0021	-0.4338		0.6042	1.2545	0.2908	0.6644
$Team_{Long5}$	0.0043	0.8272		-0.0017	-0.3624		-0.0074	-1.0447		0.4086	1.0885	0.7170	0.2962
Audit Partner-Specific Variables													
$Team_{Exp}$	0.0000	-0.1704		0.0001	0.4909		0.0001	0.4324		0.8648	1.2462	0.6235	0.6654
$Team_{Ability}$	-0.0020	-0.6234		-0.0002	-0.0581		-0.0022	-0.5448		0.5334	1.0989	0.9537	0.5859
Gender	-0.0008	-0.1885		0.0017	0.4837		0.0019	0.4182		0.8506	1.0757	0.6286	0.6758
Audit Firm-Specific Variables													
Big4	0.0049	1.1041		0.0056	1.4876	**	-0.0039	-0.7246		0.2703	2.0229	0.1369	0.4687
IndExp	0.0027	0.4116		0.0129	2.2842		-0.0040	-0.5081		0.6809	1.6745	0.0224	0.6114
Office	-0.0004	-0.5338		0.0000	-0.0222		0.0006	0.6320		0.5938	2.3124	0.9823	0.5274
Client-Specific Variables													
Age	-0.0006	-0.4506		-0.0022	-1.5983		-0.0018	-1.0091		0.6526	1.3871	0.1100	0.3129
Size	0.0015	1.0771		0.0003	0.3250	***	0.0000	0.0286	***	0.2822	2.9328	0.7452	0.9772
OCF	0.0433	1.5541	**	-0.2271	-13.1691	***	-0.1792	-9.3482	***	0.1210	1.7441	0.0000	0.0000
Lev	-0.1010	-2.5287	***	0.3475	13.1869	***	0.2847	10.8142	***	0.0119	7.3907	0.0000	0.0000
pBank	0.0173	3.0544		-0.0605	-14.7106		-0.0500	-12.5939		0.0024	8.9808	0.0000	0.0000
Growth	-0.0030	-0.5224	*	-0.0016	-0.3216	**	-0.0028	-0.4092		0.6017	1.2001	0.7477	0.6824
MB	-0.0017	-1.7802	***	-0.0014	-2.0178	***	0.0005	0.6006	***	0.0759	1.2289	0.0436	0.5481
AbsTA	0.1801	4.4545	**	0.1918	10.7037		-0.0846	-3.0206	**	0.0000	1.6185	0.0000	0.0025
AC	-0.0087	-2.4042	***	-0.0041	-1.1952		0.0091	2.1794		0.0167	1.6125	0.2320	0.0293
Lag	0.0142	3.1162		0.0064	1.5259		-0.0094	-1.6129		0.0020	1.3941	0.1270	0.1068
Busy	-0.0003	-0.0973		-0.0019	-0.5111	***	-0.0053	-1.0151	***	0.9225	1.0729	0.6093	0.3101
Intercept	0.0453	1.1430		-0.2572	-8.5467	***	-0.2094	-5.3633	***	0.2538	-	0.0000	0.0000
Adj. R^2	0.2918			-			-						
Number of Obs.	1270			701			569						

Appendix 336: Discretionary Accruals Analysis – Overview of Results at Audit Firm Level

Primary Analysis

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0002**	**-0.5431**	**0.5874**		**-0.0005**	**-1.4071**	**0.1594**		**-0.0001**	**-0.1954**	**0.8451**	
FT ≤ 2	0.0040	1.1045	0.2701		0.0018	0.5568	0.5777		-0.0066	-1.5171	0.1292	
FT ≤ 3	**0.0009**	**0.2824**	**0.7778**		**0.0027**	**0.9689**	**0.3326**		**0.0016**	**0.4038**	**0.6864**	
FT ≥ 7	-0.0012	-0.3874	0.6987		-0.0036	-1.2976	0.1944		-0.0007	-0.1819	0.8557	
FT ≥ 8	0.0001	0.0192	0.9847		-0.0018	-0.6120	0.5405		-0.0009	-0.2379	0.8120	
FT ≥ 9	0.0004	0.1330	0.8943		-0.0046	-1.4696	0.1417		-0.0063	-1.4757	0.1400	
FT ≥ 10	-0.0017	-0.4991	0.6180		-0.0039	-1.1095	0.2672		-0.0018	-0.3890	0.6972	
FT ≥ 11	**-0.0009**	**-0.2208**	**0.8254**		**-0.0074**	**-1.7692**	**0.0769**	*****	**-0.0046**	**-0.8362**	**0.4030**	

Less Highest and Lowest Decile of RoA

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**0.0003**	**0.6760**	**0.4995**		**-0.0005**	**-1.4561**	**0.1454**		**-0.0005**	**-1.1191**	**0.2631**	
FT ≤ 2	-0.0012	-0.4447	0.6568		-0.0001	-0.0415	0.9669		-0.0040	-1.0159	0.3097	
FT ≤ 3	**-0.0003**	**-0.1001**	**0.9204**		**0.0026**	**0.9652**	**0.3344**		**0.0014**	**0.3986**	**0.6902**	
FT ≥ 7	0.0019	0.7051	0.4813		-0.0039	-1.4337	0.1517		-0.0055	-1.5922	0.1113	
FT ≥ 8	0.0025	0.9454	0.3451		-0.0022	-0.7575	0.4488		-0.0055	-1.5277	0.1266	
FT ≥ 9	0.0026	0.8655	0.3874		-0.0051	-1.6575	0.0974	*	-0.0076	-1.9818	0.0475	**
FT ≥ 10	0.0026	0.7898	0.4302		-0.0034	-0.9794	0.3274		-0.0045	-1.0483	0.2945	
FT ≥ 11	**0.0024**	**0.6442**	**0.5199**		**-0.0081**	**-1.9827**	**0.0474**	******	**-0.0072**	**-1.4503**	**0.1470**	

Less Freq$_{AF\ Switch}$

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0001**	**-0.1727**	**0.8630**		**-0.0007**	**-1.7068**	**0.0879**	*	**-0.0004**	**-0.6878**	**0.4916**	
FT ≤ 2	0.0022	0.6050	0.5456		0.0028	0.7818	0.4343		-0.0051	-0.9254	0.3548	
FT ≤ 3	**-0.0009**	**-0.2615**	**0.7939**		**0.0033**	**1.0823**	**0.2791**		**0.0048**	**1.0611**	**0.2886**	
FT ≥ 7	-0.0009	-0.2609	0.7944		-0.0045	-1.5792	0.1143		-0.0016	-0.3925	0.6947	
FT ≥ 8	0.0007	0.2121	0.8322		-0.0023	-0.7793	0.4358		-0.0018	-0.4208	0.6739	
FT ≥ 9	0.0013	0.4220	0.6733		-0.0048	-1.5162	0.1295		-0.0071	-1.5670	0.1171	
FT ≥ 10	-0.0009	-0.2610	0.7942		-0.0039	-1.0844	0.2782		-0.0021	-0.4195	0.6748	
FT ≥ 11	**-0.0002**	**-0.0445**	**0.9645**		**-0.0074**	**-1.7717**	**0.0764**	*	**-0.0048**	**-0.8409**	**0.4004**	

Alternative Prediction Model

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**0.0000**	**0.0985**	**0.9216**		**-0.0002**	**-0.6208**	**0.5348**		**-0.0001**	**-0.2159**	**0.8291**	
FT ≤ 2	0.0038	1.0559	0.2917		0.0034	1.1252	0.2605		-0.0063	-1.5160	0.1295	
FT ≤ 3	**0.0000**	**-0.0082**	**0.9934**		**0.0013**	**0.5013**	**0.6162**		**0.0016**	**0.4246**	**0.6711**	
FT ≥ 7	0.0011	0.3570	0.7213		-0.0003	-0.1333	0.8939		-0.0010	-0.2806	0.7790	
FT ≥ 8	0.0023	0.7642	0.4452		0.0009	0.3176	0.7508		-0.0017	-0.4442	0.6569	
FT ≥ 9	0.0013	0.3957	0.6926		-0.0022	-0.7285	0.4663		-0.0035	-0.8433	0.3990	
FT ≥ 10	0.0004	0.1045	0.9169		0.0005	0.1413	0.8876		0.0018	0.4063	0.6845	
FT ≥ 11	**0.0026**	**0.6717**	**0.5022**		**-0.0045**	**-1.1220**	**0.2619**		**-0.0052**	**-0.9955**	**0.3195**	

Appendix 337: Discretionary Accruals Analysis – Overview of Results at Audit Partner Level

Primary Analysis

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
EPT	**-0.0001**	**-0.1494**	**0.8813**		**-0.0002**	**-0.2765**	**0.7822**		**-0.0003**	**-0.2209**	**0.8251**	
RPT	**-0.0004**	**-0.5693**	**0.5695**		**-0.0011**	**-1.3373**	**0.1811**		**-0.0006**	**-0.5242**	**0.6001**	
EPT ≤ 2	0.0006	0.1995	0.8420		0.0000	0.0030	0.9976		-0.0010	-0.2648	0.7912	
RPT ≤ 2	0.0022	0.8425	0.4001		0.0041	1.4232	0.1547		0.0031	0.8133	0.4161	
EPT ≤ 3	**0.0002**	**0.0737**	**0.9413**		**0.0011**	**0.3684**	**0.7125**		**0.0011**	**0.2493**	**0.8031**	
RPT ≤ 3	**0.0002**	**0.0849**	**0.9324**		**0.0035**	**1.1753**	**0.2399**		**0.0035**	**0.8570**	**0.3914**	
EPT ≥ 5	0.0015	0.4139	0.6792		-0.0003	-0.0835	0.9334		-0.0037	-0.7276	0.4668	
RPT ≥ 5	0.0031	0.9155	0.3605		-0.0018	-0.5334	0.5938		-0.0057	-1.1967	0.2314	
EPT ≥ 6	**-0.0029**	**-0.6746**	**0.5003**		**-0.0043**	**-0.9454**	**0.3444**		**0.0006**	**0.0955**	**0.9239**	
RPT ≥ 6	**-0.0006**	**-0.1638**	**0.8700**		**-0.0027**	**-0.6327**	**0.5269**		**0.0012**	**0.1891**	**0.8500**	

Less FT ≤ 3

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
EPT	**0.0003**	**0.3444**	**0.7308**		**-0.0001**	**-0.1439**	**0.8856**		**-0.0011**	**-0.8523**	**0.3940**	
RPT	**0.0003**	**0.3830**	**0.7020**		**-0.0011**	**-1.2708**	**0.2038**		**-0.0013**	**-1.1266**	**0.2599**	
EPT ≤ 2	-0.0019	-0.5852	0.5589		-0.0001	-0.0243	0.9806		0.0036	0.8193	0.4126	
RPT ≤ 2	-0.0008	-0.2746	0.7838		0.0055	1.7423	0.0815	*	0.0093	2.1318	0.0330	**
EPT ≤ 3	**-0.0010**	**-0.2923**	**0.7702**		**-0.0006**	**-0.1913**	**0.8483**		**0.0009**	**0.1892**	**0.8499**	
RPT ≤ 3	**-0.0004**	**-0.1534**	**0.8782**		**0.0037**	**1.2135**	**0.2249**		**0.0032**	**0.7283**	**0.4664**	
EPT ≥ 5	0.0031	0.8095	0.4189		0.0019	0.5185	0.6041		-0.0046	-0.8696	0.3845	
RPT ≥ 5	0.0044	1.2522	0.2115		-0.0011	-0.3295	0.7418		-0.0047	-0.9673	0.3334	
EPT ≥ 6	**-0.0018**	**-0.3966**	**0.6919**		**-0.0021**	**-0.4824**	**0.6295**		**-0.0010**	**-0.1521**	**0.8791**	
RPT ≥ 6	**-0.0002**	**-0.0480**	**0.9618**		**-0.0027**	**-0.6620**	**0.5080**		**0.0029**	**0.4485**	**0.6538**	

Less Highest and Lowest Decile of RoA

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
EPT	**0.0002**	**0.3361**	**0.7370**		**0.0000**	**-0.0347**	**0.9724**		**-0.0004**	**-0.4300**	**0.6672**	
RPT	**0.0002**	**0.2250**	**0.8221**		**-0.0010**	**-1.3321**	**0.1828**		**-0.0010**	**-1.0185**	**0.3084**	
EPT ≤ 2	0.0003	0.1025	0.9184		0.0001	0.0449	0.9641		-0.0017	-0.4861	0.6269	
RPT ≤ 2	-0.0005	-0.2270	0.8206		0.0031	1.1263	0.2600		0.0049	1.4494	0.1472	
EPT ≤ 3	**-0.0017**	**-0.6330**	**0.5272**		**-0.0011**	**-0.3595**	**0.7192**		**0.0023**	**0.6156**	**0.5382**	
RPT ≤ 3	**0.0002**	**0.0689**	**0.9451**		**0.0045**	**1.5433**	**0.1228**		**0.0028**	**0.7838**	**0.4332**	
EPT ≥ 5	0.0011	0.3788	0.7051		0.0013	0.3592	0.7194		-0.0028	-0.6265	0.5310	
RPT ≥ 5	0.0041	1.3307	0.1842		-0.0019	-0.5674	0.5704		-0.0072	-1.7239	0.0847	*
EPT ≥ 6	**-0.0001**	**-0.0193**	**0.9846**		**-0.0025**	**-0.5486**	**0.5833**		**-0.0009**	**-0.1516**	**0.8795**	
RPT ≥ 6	**0.0001**	**0.0277**	**0.9779**		**-0.0020**	**-0.4880**	**0.6255**		**-0.0011**	**-0.2039**	**0.8384**	

Alternative Prediction Model

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
EPT	**0.0002**	**0.2729**	**0.7851**		**-0.0005**	**-0.6844**	**0.4937**		**-0.0014**	**-1.2322**	**0.2179**	
RPT	**0.0005**	**0.6090**	**0.5429**		**0.0003**	**0.3818**	**0.7026**		**0.0001**	**0.0588**	**0.9531**	
EPT ≤ 2	-0.0005	-0.1814	0.8561		0.0023	0.8242	0.4098		0.0038	0.9997	0.3175	
RPT ≤ 2	0.0000	-0.0149	0.9881		0.0019	0.7168	0.4735		0.0002	0.0634	0.9494	
EPT ≤ 3	**-0.0017**	**-0.5622**	**0.5743**		**0.0007**	**0.2403**	**0.8101**		**0.0057**	**1.3259**	**0.1849**	
RPT ≤ 3	**-0.0030**	**-1.1106**	**0.2675**		**-0.0035**	**-1.2587**	**0.2081**		**-0.0015**	**-0.3722**	**0.7097**	
EPT ≥ 5	0.0033	0.8967	0.3705		0.0007	0.1932	0.8468		-0.0064	-1.2951	0.1953	
RPT ≥ 5	0.0044	1.3245	0.1862		0.0036	1.1467	0.2515		-0.0027	-0.5866	0.5575	
EPT ≥ 6	**-0.0019**	**-0.4396**	**0.6605**		**-0.0072**	**-1.6218**	**0.1049**		**-0.0045**	**-0.7244**	**0.4688**	
RPT ≥ 6	**0.0029**	**0.7864**	**0.4321**		**0.0016**	**0.4020**	**0.6877**		**-0.0027**	**-0.4395**	**0.6603**	

Audit Partner Team Tenure

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
Team	**-0.0002**	**-0.2058**	**0.8371**		**-0.0010**	**-0.9804**	**0.3269**		**-0.0007**	**-0.4922**	**0.6226**	
Team ≤ 2	0.0017	0.6453	0.5191		0.0030	1.0803	0.2800		0.0014	0.3729	0.7092	
Team ≤ 3	**-0.0010**	**-0.2791**	**0.7803**		**0.0021**	**0.6293**	**0.5292**		**0.0021**	**0.4213**	**0.6736**	
Team ≥ 5	0.0043	0.8235	0.4108		-0.0018	-0.3657	0.7146		-0.0074	-1.0514	0.2931	
Team ≥ 6	**0.0008**	**0.1060**	**0.9156**		**-0.0044**	**-0.5578**	**0.5770**		**0.0097**	**0.8471**	**0.3970**	

Appendix 338: Discretionary Accruals Analysis – Overview of Results of the Joint Analysis

Primary Analysis

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0002**	**-0.4792**	**0.6321**		**-0.0003**	**-0.8305**	**0.4062**		**0.0000**	**0.0015**	**0.9988**	
EPT	**0.0000**	**-0.0445**	**0.9645**		**-0.0001**	**-0.0883**	**0.9296**		**-0.0003**	**-0.2172**	**0.8280**	
RPT	**-0.0003**	**-0.4390**	**0.6609**		**-0.0009**	**-1.0672**	**0.2859**		**-0.0006**	**-0.5109**	**0.6094**	
FT ≤ 2	0.0035	0.8143	0.4160		-0.0016	-0.4000	0.6892		-0.0114	-2.1225	0.0338	**
EPT ≤ 2	-0.0004	-0.1332	0.8941		0.0005	0.1493	0.8813		0.0019	0.4726	0.6365	
RPT ≤ 2	0.0010	0.3559	0.7221		0.0046	1.4542	0.1459		0.0066	1.6191	0.1054	
FT ≤ 3	**0.0012**	**0.3019**	**0.7629**		**0.0007**	**0.1900**	**0.8493**		**-0.0001**	**-0.0116**	**0.9908**	
EPT ≤ 3	**-0.0001**	**-0.0443**	**0.9647**		**0.0009**	**0.2789**	**0.7803**		**0.0011**	**0.2405**	**0.8100**	
RPT ≤ 3	**-0.0002**	**-0.0684**	**0.9455**		**0.0032**	**0.9911**	**0.3216**		**0.0035**	**0.8067**	**0.4199**	
FT ≥ 7	-0.0021	-0.6439	0.5200		-0.0033	-1.1507	0.2498		0.0005	0.1249	0.9006	
EPT ≥ 5	0.0017	0.4885	0.6255		0.0001	0.0345	0.9725		-0.0037	-0.7355	0.4620	
RPT ≥ 5	0.0034	1.0070	0.3146		-0.0011	-0.3389	0.7347		-0.0058	-1.2032	0.2289	
FT ≥ 8	-0.0006	-0.1967	0.8442		-0.0013	-0.4247	0.6710		-0.0003	-0.0824	0.9344	
EPT ≥ 5	0.0015	0.4265	0.6700		-0.0002	-0.0648	0.9483		-0.0036	-0.7223	0.4701	
RPT ≥ 5	0.0031	0.9328	0.3515		-0.0016	-0.4755	0.6344		-0.0057	-1.1913	0.2335	
FT ≥ 9	-0.0003	-0.0814	0.9352		-0.0042	-1.3230	0.1858		-0.0058	-1.3453	0.1785	
EPT ≥ 5	0.0015	0.4197	0.6750		0.0000	-0.0113	0.9910		-0.0035	-0.7005	0.4836	
RPT ≥ 5	0.0031	0.9195	0.3585		-0.0013	-0.3957	0.6923		-0.0053	-1.1019	0.2705	
FT ≥ 10	-0.0024	-0.6861	0.4931		-0.0034	-0.9436	0.3454		-0.0015	-0.3098	0.7567	
EPT ≥ 5	0.0015	0.4301	0.6674		-0.0002	-0.0474	0.9622		-0.0037	-0.7299	0.4655	
RPT ≥ 5	0.0032	0.9654	0.3350		-0.0015	-0.4623	0.6439		-0.0056	-1.1777	0.2389	
FT ≥ 11	**-0.0013**	**-0.3313**	**0.7406**		**-0.0068**	**-1.6138**	**0.1066**		**-0.0042**	**-0.7660**	**0.4437**	
EPT ≥ 6	**-0.0030**	**-0.6770**	**0.4988**		**-0.0044**	**-0.9592**	**0.3375**		**0.0006**	**0.0908**	**0.9277**	
RPT ≥ 6	**-0.0006**	**-0.1472**	**0.8831**		**-0.0024**	**-0.5605**	**0.5752**		**0.0014**	**0.2134**	**0.8310**	

Less Highest and Lowest Decile of RoA

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**0.0002**	**0.5353**	**0.5928**		**-0.0004**	**-0.9377**	**0.3484**		**-0.0004**	**-0.7720**	**0.4401**	
EPT	**0.0002**	**0.2295**	**0.8186**		**0.0001**	**0.1653**	**0.8687**		**-0.0003**	**-0.2690**	**0.7879**	
RPT	**0.0001**	**0.0851**	**0.9322**		**-0.0008**	**-1.0164**	**0.3095**		**-0.0008**	**-0.8204**	**0.4120**	
FT ≤ 2	-0.0013	-0.3839	0.7013		-0.0038	-0.9650	0.3345		-0.0084	-1.7315	0.0834	*
EPT ≤ 2	0.0006	0.2265	0.8209		0.0012	0.4006	0.6887		0.0005	0.1346	0.8929	
RPT ≤ 2	-0.0001	-0.0447	0.9644		0.0045	1.4378	0.1505		0.0074	2.0308	0.0423	**
FT ≤ 3	**0.0007**	**0.2480**	**0.8043**		**0.0012**	**0.3647**	**0.7153**		**-0.0008**	**-0.1867**	**0.8519**	
EPT ≤ 3	**-0.0019**	**-0.6918**	**0.4895**		**-0.0015**	**-0.4664**	**0.6409**		**0.0026**	**0.6428**	**0.5204**	
RPT ≤ 3	**-0.0001**	**-0.0365**	**0.9709**		**0.0040**	**1.2553**	**0.2094**		**0.0031**	**0.7989**	**0.4244**	
FT ≥ 7	0.0011	0.4103	0.6819		-0.0037	-1.3442	0.1789		-0.0041	-1.1656	0.2438	
EPT ≥ 5	0.0010	0.3345	0.7382		0.0018	0.5049	0.6136		-0.0023	-0.5149	0.6066	
RPT ≥ 5	0.0039	1.2581	0.2092		-0.0011	-0.3285	0.7425		-0.0066	-1.5628	0.1181	
FT ≥ 8	0.0020	0.7560	0.4502		-0.0016	-0.5543	0.5793		-0.0047	-1.3078	0.1909	
EPT ≥ 5	0.0010	0.3401	0.7340		0.0014	0.3784	0.7052		-0.0025	-0.5497	0.5825	
RPT ≥ 5	0.0039	1.2785	0.2020		-0.0016	-0.4943	0.6211		-0.0069	-1.6448	0.1000	
FT ≥ 9	0.0020	0.6796	0.4972		-0.0046	-1.4819	0.1384		-0.0072	-1.8505	0.0642	*
EPT ≥ 5	0.0010	0.3604	0.7188		0.0014	0.4038	0.6863		-0.0026	-0.5936	0.5528	
RPT ≥ 5	0.0039	1.2829	0.2004		-0.0013	-0.3843	0.7008		-0.0066	-1.5767	0.1149	
FT ≥ 10	0.0022	0.6516	0.5151		-0.0028	-0.7950	0.4266		-0.0043	-1.0002	0.3172	
EPT ≥ 5	0.0011	0.3765	0.7068		0.0013	0.3669	0.7137		-0.0028	-0.6295	0.5290	
RPT ≥ 5	0.0039	1.3078	0.1918		-0.0016	-0.5011	0.6163		-0.0070	-1.6638	0.0962	*
FT ≥ 11	**0.0021**	**0.5686**	**0.5700**		**-0.0073**	**-1.7858**	**0.0741**	*	**-0.0071**	**-1.4291**	**0.1530**	
EPT ≥ 6	**0.0000**	**0.0003**	**0.9998**		**-0.0027**	**-0.5899**	**0.5553**		**-0.0010**	**-0.1657**	**0.8684**	
RPT ≥ 6	**0.0000**	**-0.0087**	**0.9931**		**-0.0016**	**-0.3837**	**0.7012**		**-0.0009**	**-0.1646**	**0.8693**	

***Less Freq*$_{AF\ Switch}$**

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0001**	**-0.2313**	**0.8172**		**-0.0005**	**-1.1944**	**0.2323**		**-0.0002**	**-0.3550**	**0.7226**	
EPT	**0.0000**	**0.0436**	**0.9652**		**-0.0001**	**-0.0597**	**0.9524**		**-0.0006**	**-0.4518**	**0.6514**	
RPT	**-0.0001**	**-0.1965**	**0.8443**		**-0.0010**	**-1.1932**	**0.2328**		**-0.0008**	**-0.7068**	**0.4797**	
FT ≤ 2	0.0025	0.5572	0.5778		-0.0006	-0.1410	0.8879		-0.0099	-1.5496	0.1212	
EPT ≤ 2	-0.0005	-0.1702	0.8650		0.0006	0.1954	0.8451		0.0019	0.4368	0.6622	
RPT ≤ 2	0.0001	0.0197	0.9843		0.0046	1.4323	0.1521		0.0070	1.6379	0.1014	
FT ≤ 3	**-0.0009**	**-0.2189**	**0.8268**		**0.0018**	**0.4929**	**0.6221**		**0.0036**	**0.7077**	**0.4791**	
EPT ≤ 3	**0.0005**	**0.1429**	**0.8864**		**0.0002**	**0.0670**	**0.9466**		**0.0002**	**0.0378**	**0.9698**	
RPT ≤ 3	**-0.0003**	**-0.0950**	**0.9244**		**0.0028**	**0.8577**	**0.3910**		**0.0034**	**0.7603**	**0.4471**	
FT ≥ 7	-0.0018	-0.5283	0.5977		-0.0043	-1.4834	0.1380		-0.0002	-0.0435	0.9653	
EPT ≥ 5	0.0019	0.5213	0.6025		0.0008	0.2321	0.8165		-0.0042	-0.7836	0.4333	
RPT ≥ 5	0.0035	1.0185	0.3092		-0.0013	-0.3811	0.7031		-0.0061	-1.2297	0.2188	
FT ≥ 8	0.0000	-0.0146	0.9884		-0.0020	-0.6567	0.5114		-0.0011	-0.2522	0.8009	
EPT ≥ 5	0.0017	0.4674	0.6405		0.0004	0.1214	0.9034		-0.0041	-0.7785	0.4363	
RPT ≥ 5	0.0033	0.9525	0.3415		-0.0018	-0.5244	0.6000		-0.0061	-1.2307	0.2184	
FT ≥ 9	0.0006	0.1971	0.8438		-0.0046	-1.4312	0.1524		-0.0063	-1.3946	0.1631	
EPT ≥ 5	0.0017	0.4605	0.6455		0.0006	0.1597	0.8731		-0.0042	-0.7844	0.4328	
RPT ≥ 5	0.0032	0.9333	0.3514		-0.0016	-0.4665	0.6409		-0.0057	-1.1546	0.2482	
FT ≥ 10	-0.0016	-0.4311	0.6667		-0.0036	-0.9807	0.3267		-0.0016	-0.3322	0.7397	
EPT ≥ 5	0.0017	0.4705	0.6383		0.0005	0.1256	0.9001		-0.0042	-0.7953	0.4265	
RPT ≥ 5	0.0034	0.9850	0.3253		-0.0018	-0.5303	0.5959		-0.0061	-1.2233	0.2212	
FT ≥ 11	**-0.0008**	**-0.1951**	**0.8455**		**-0.0071**	**-1.6739**	**0.0941**	*	**-0.0038**	**-0.6654**	**0.5058**	
EPT ≥ 6	**-0.0024**	**-0.5325**	**0.5947**		**-0.0034**	**-0.7241**	**0.4690**		**0.0003**	**0.0415**	**0.9669**	
RPT ≥ 6	**-0.0009**	**-0.2175**	**0.8280**		**-0.0028**	**-0.6741**	**0.5002**		**0.0017**	**0.2585**	**0.7960**	

Alternative Prediction Model

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0001**	**-0.2785**	**0.7808**		**-0.0002**	**-0.5661**	**0.5713**		**0.0001**	**0.2323**	**0.8163**	
EPT	**0.0003**	**0.3282**	**0.7429**		**-0.0004**	**-0.5567**	**0.5777**		**-0.0014**	**-1.2530**	**0.2102**	
RPT	**0.0005**	**0.7066**	**0.4803**		**0.0004**	**0.5095**	**0.6104**		**0.0000**	**0.0014**	**0.9989**	
FT ≤ 2	0.0066	1.6017	0.1101		0.0011	0.3019	0.7627		-0.0144	-2.7399	0.0061	***
EPT ≤ 2	-0.0023	-0.7704	0.4416		0.0019	0.6617	0.5082		0.0078	1.9286	0.0538	*
RPT ≤ 2	-0.0022	-0.8502	0.3958		0.0015	0.5244	0.6000		0.0050	1.2247	0.2207	
FT ≤ 3	**0.0032**	**0.8912**	**0.3734**		**0.0041**	**1.2574**	**0.2086**		**0.0000**	**0.0076**	**0.9940**	
EPT ≤ 3	**-0.0027**	**-0.8739**	**0.3827**		**-0.0006**	**-0.2078**	**0.8354**		**0.0056**	**1.2526**	**0.2103**	
RPT ≤ 3	**-0.0041**	**-1.4867**	**0.1380**		**-0.0050**	**-1.6479**	**0.0994**	*	**-0.0015**	**-0.3470**	**0.7286**	
FT ≥ 7	-0.0002	-0.0556	0.9557		-0.0010	-0.3656	0.7147		0.0004	0.1111	0.9115	
EPT ≥ 5	0.0033	0.9070	0.3650		0.0007	0.2212	0.8249		-0.0065	-1.2985	0.1941	
RPT ≥ 5	0.0044	1.3264	0.1856		0.0038	1.1865	0.2354		-0.0028	-0.5958	0.5513	
FT ≥ 8	0.0013	0.4497	0.6532		0.0004	0.1542	0.8774		-0.0008	-0.2029	0.8392	
EPT ≥ 5	0.0032	0.8751	0.3821		0.0006	0.1888	0.8502		-0.0063	-1.2724	0.2032	
RPT ≥ 5	0.0042	1.2862	0.1992		0.0036	1.1220	0.2618		-0.0027	-0.5742	0.5658	
FT ≥ 9	0.0003	0.1086	0.9135		-0.0026	-0.8775	0.3802		-0.0027	-0.6527	0.5139	
EPT ≥ 5	0.0033	0.8939	0.3720		0.0008	0.2244	0.8224		-0.0062	-1.2584	0.2082	
RPT ≥ 5	0.0043	1.3162	0.1889		0.0039	1.2267	0.2200		-0.0025	-0.5394	0.5896	
FT ≥ 10	-0.0004	-0.1025	0.9184		0.0002	0.0622	0.9504		0.0027	0.5885	0.5562	
EPT ≥ 5	0.0033	0.8964	0.3706		0.0007	0.1934	0.8466		-0.0066	-1.3261	0.1848	
RPT ≥ 5	0.0044	1.3459	0.1792		0.0036	1.1397	0.2544		-0.0029	-0.6221	0.5339	
FT ≥ 11	**0.0019**	**0.4903**	**0.6242**		**-0.0048**	**-1.2009**	**0.2298**		**-0.0042**	**-0.7987**	**0.4245**	
EPT ≥ 6	**-0.0019**	**-0.4353**	**0.6636**		**-0.0074**	**-1.6674**	**0.0954**	*	**-0.0044**	**-0.7027**	**0.4823**	
RPT ≥ 6	**0.0028**	**0.7694**	**0.4422**		**0.0020**	**0.4980**	**0.6185**		**-0.0027**	**-0.4419**	**0.6586**	

Audit Partner Team Tenure

	|DA|				DA+				DA-			
	Coeff.	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**		**Coeff.**	**t-value**	**p-Value**	
FT	**-0.0002**	**-0.5361**	**0.5922**		**-0.0005**	**-1.2389**	**0.2154**		**-0.0001**	**-0.1863**	**0.8522**	
Team	**-0.0001**	**-0.1193**	**0.9051**		**-0.0007**	**-0.7588**	**0.4480**		**-0.0006**	**-0.4597**	**0.6457**	
FT ≤ 2	0.0037	0.9935	0.3212		0.0005	0.1583	0.8742		-0.0079	-1.6887	0.0913	*
Team ≤ 2	0.0005	0.1929	0.8471		0.0028	0.9334	0.3506		0.0039	0.9396	0.3474	
FT ≤ 3	**0.0013**	**0.3822**	**0.7026**		**0.0024**	**0.8157**	**0.4147**		**0.0014**	**0.3581**	**0.7203**	
Team ≤ 3	**-0.0015**	**-0.4159**	**0.6777**		**0.0011**	**0.3194**	**0.7494**		**0.0016**	**0.3022**	**0.7625**	
FT ≥ 7	-0.0013	-0.4141	0.6790		-0.0035	-1.2669	0.2052		-0.0007	-0.1797	0.8574	
Team ≥ 5	0.0044	0.8414	0.4007		-0.0015	-0.3089	0.7574		-0.0074	-1.0468	0.2952	
FT ≥ 8	0.0000	0.0136	0.9891		-0.0016	-0.5630	0.5735		-0.0012	-0.2906	0.7713	
Team ≥ 5	0.0043	0.8231	0.4110		-0.0017	-0.3609	0.7182		-0.0075	-1.0563	0.2908	
FT ≥ 9	0.0004	0.1290	0.8974		-0.0045	-1.4328	0.1519		-0.0065	-1.5330	0.1253	
Team ≥ 5	0.0043	0.8231	0.4110		-0.0018	-0.3805	0.7036		-0.0073	-1.0398	0.2984	
FT ≥ 10	-0.0018	-0.5188	0.6042		-0.0038	-1.0563	0.2908		-0.0021	-0.4338	0.6644	
Team ≥ 5	0.0043	0.8272	0.4086		-0.0017	-0.3624	0.7170		-0.0074	-1.0447	0.2962	
FT ≥ 11	**-0.0009**	**-0.2185**	**0.8272**		**-0.0073**	**-1.7410**	**0.0817**	*****	**-0.0048**	**-0.8797**	**0.3790**	
Team ≥ 6	**0.0008**	**0.1045**	**0.9168**		**-0.0044**	**-0.5675**	**0.5704**		**0.0095**	**0.8262**	**0.4087**	