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What affect the auditor independence in appearance?

From the perspective of the clients

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Abstract

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Title

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Abstract

It is important for an auditor to be independent both in mind and in appearance. The independence of the auditor is important for the trustworthiness of the auditor. Independence in appearance is the focus of this study and is how independent the auditor appears to be from the perspective of other stakeholders. This will be studied from the perspective of clients. The audit does not only have to be useful for the owners, but also for the client who pay for the audit.

The aim of this study is to explain what factors that are affecting how clients perceive the auditor independence in Sweden. The study also wants to investigate if the client firm size affects the relationship between independence in appearance and factors affecting independence in appearance. To answer this, a questionnaire was sent via email to small and large limited companies in Sweden.

This study found that audit tenure and auditor-client relationship partly have an influence on independence in appearance. How long the client has had the same audit firm is positively related to independence in appearance and how often the client has contact with the auditor is negatively related to independence in appearance. Client firm size couldn't be used as a moderating variable since too few responses was received.

Keywords (5–8 words)

Independence in appearance, auditor independence, client, audit,

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1. Introduction

Auditors play an important role in generating assurance concerning the trustworthiness of the financial statements (Hellman, 2006). The independence of the auditor is an important element for the users to trust the financial statements (Minh Duc, Thi Hoang Yen, Hoang Ngoc Thuy, Hoang Tien & Hung Anh, 2019). According to the revisorslagen (SFS 2001:883) in Sweden, an auditor must be independent, and the auditor has to do an independence analysis before every assignment. The analysis model, presented in Revisorslagen (SFS 2001:883), presents five threats to independence. The first one is the threat of self-interest, which means that the auditor or someone else in the workplace that can affect the results of the audit have a direct or indirect economic interest in the client's business. The second threat is the threat of self-review, which can arise when providing consultancy that does not constitute an audit activity and has provided advice on an issue that is partly covered by the audit assignment. The threat of advocacy is the third threat, which arise when the auditor or someone else in the network that can affect the result of the audit acts or has acted in support of or against the client's position in any legal or financial matter. The fourth threat is the threat of friendship. If the auditor or someone else in the workplace has a personal relationship to the client there is a risk that the auditor become too benevolent to the client's interests. The treat of friendship can also arise when an auditor has been auditing a client during a long period of time. The fifth threat is the threat of intimidation, which means that the client has threatened the auditor in such way that it is meant to inconvenience the auditor (SFS 2001:883; FAR, n.d.a) An auditor cannot take on an assignment if any of the threats are identified (SFS 2001:883).

Auditor independence is an essential ingredient of financial statements users' belief that the auditor is trustworthy (Kinney 1994). Auditors must convince the market of their independence (as well as, of course, their competence). It has long been recognised that a reputation for independence is an auditor's greatest professional asset and that any negligence on an auditor's part will leave the auditor open to severe penalties in the form of, inter alia, a loss of reputation (Owens, 1941; Johnstone et al., 2001). Reputation serves as a collateral bond for independence, in that the reputation of an auditor found to be less independent than expected will be damaged and the present value of his or her audit services reduced (Watts and Zimmerman, 1986).The Jenkins Committee, appointed by the American Institute of Certified Public Accountants, states in its 1994 report: "Auditor

independence from a company and its management is critical to users and the key to the value that auditors provide." That is, if the auditor is perceived to lack independence much of the value of the audit report is lost. Most professional accounting organizations' codes of conduct emphasize the obligation of their members to be independent. For example, the New Zealand Society of Accountants' Code of Ethics provides that "Members have a duty to observe and maintain independence and objectivity in all their professional duties", and views independence as "the sense of being self-reliant, and not subordinate, [which] is essential to the practice of all professions". Independence in appearance can be researched from different perspectives, for example, from the perspective of the auditors (Beaulieu & Reinstein, 2010) and from the perspective of the client's stakeholders (van Liempd et al., 2019). This study will have another focus and study independence in appearance from the perspective of the clients.

1.1 Problematization

The concept of independence is fundamental to an audit. Many current professional pronouncements specify a general test for auditor independence based on what a reasonable and informed third party would conclude to be acceptable (Wines, 2011). However, any conclusion on acceptability will be dependent on an individual's interpretation of the meaning of the independence concept, particularly in response to the various circumstances and conditions (independence threats and safeguards) that could potentially impact on an auditor's actual and/or perceived independence. For the concept of auditor independence to be effectively implemented in practice, it is necessary for a shared understanding of its meaning to exist between the various parties to the financial reporting communication process. As Carey (1985) suggests, maintaining a large number of clients protects an auditor from intensive competition and from the "catastrophe" of losing a client. Therefore, the larger the dispersion of the audit fee distribution the further the enhancement of the auditor resistance power vis-a-vis the client's management and the higher the independence in appearance.

The pronouncements and standards of various professional and regulatory bodies require auditors to be independent both in fact (independence of mind) and in appearance (Wines, 2011). Independence in fact exists when auditors are actually able to act with objectivity, integrity, impartiality and freedom from any conflict of interest. In addition to being independent in fact, it is necessary that auditors are seen to be independent by means of

explicit and public signals that clarify this, this is the concept of independence in appearance, where the auditor should be perceived by others to be independent, hence independence in appearance is perceived independence. Studies examining independence in appearance have generally sought to investigate perceptions of the independence of an auditor or audit firm in specific and varied situations, by surveying various groups of interested parties, studies conducted on the generally examined factors for potential independence impairment, although it is virtually impossible to identify the cause and clear implications are difficult to draw. Nevertheless, examples of factors identified include audit fees, non-audit fees and information leaks along with several other factors (Wines, 2011).

Minh duc et al. (2019) has created a model of the factor affecting independence in appearance. Corporate governance, audit tenure, auditing fee, non-audit service, the auditor–client relationship and size of audit companies are factors that influence auditor independence according to the model (Minh Duc et al., 2019). Similar factor has been identified by Adeyemi & Akinniyi (2011). The most of these factors, such as, non-audit services and auditor-client relationship are factors that are regulated in the Revisorslagen (SFS 2001:883) and audit fees and audit tenure can affect independence according to EtikU 14 and EtikU 13¹ (FAR, 2020a; 2020b) and are therefore of relevance for the independence in mind and independence in appearance.

Some of the factors mentioned above in the model has been found to affect the independence in appearance in other studies too. High fee levels and joint provision of non-audit services and audit services have a negative effect on independence in appearance, because high fee levels increase the risk of economic bonding and non-audit services increases the risk of self-review which leads to more chances of frauds and scandals taking place (Holland & Lane, 2012; van Liempd et al., 2019). Audit firm rotation and a cooling-off period have a positive effect on independence in appearance, because the audit firm rotation prevent the risk of familiarity and cooling-off periods prevent the risk of self-interest, additionally auditors don't get to develop their personal relationships with their clients and everything maintained professionally (Daniels & Booker, 2011; Wright & Booker, 2010). Kaplan and Mauldin (2008) found that audit

¹ EtikU 14 and EtikU 13 is statements made by FAR regarding auditor rotation and EU regulation on auditing of companies of general interest and the impartiality and independence of the auditor (FAR, n.d.b)

partner rotation have a bigger influence on the independence in appearance than audit firm rotation has.

What affects the independence in appearance can vary between different countries (Minh Duc et al., 2019). The differences could be cultural as well as regional due to different laws. Not much research about what affects the independence in appearance could be found that are conducted in Sweden, and therefore it could be of interest to investigate what affects the independence in appearance in Sweden (Hellman, 2006).

What and how factors affect the independence in appearance can also vary between different stakeholders, which means that the findings concerning different stakeholder does not have to be the same (van Liempd et al., 2019). The focus of this paper is on clients and how they perceive auditor independence in appearance, every study done on this includes different situations and circumstances that would affect the variables differently and produce new results, for example Barkes, Simnet, and Urquhart (2002) find that audit fee does not impair auditor independence perceived by clients, however a similar study by John and Chukwumerije (2012) found a significant correlation between audit fees and auditor independence, from the example it can be seen that the time difference alone could have possibly been the factor to a different outcome.

The purpose of an audit is to express an opinion that is objective, impartial in judgement and reliable for those who are using an audit opinion to make decisions regarding investments or for regulatory reasons. The independence in appearance is important as this is where shades of grey creep into the normally black-and-white world of audit. Looking at the relationship between the auditor and the client, every individual may perceive an arrangement differently, thus the auditor must check for factors which may have or seem to have compromised their independence (Tepalagul & Lin, 2014). Even if an independent audit is important for the owner, it is the client who pay for the audit and therefore also have to find it useful (Hellman, 2006). It is vital for clients to understand the concept of independence of the auditor as that facilitates true and fair representation of the auditor's findings. Looking at the previous scandals such as Enron and the respective acts that arose from the situation mention that the auditor's independence in key to any audit process and is the sole representation of the audit firm's legitimacy (Campa & Donnelly, 2015).

Moreover, another factor which may have different outcomes regarding the auditor independence as perceived by clients is the firm size of the client. There has not been enough research on how client firm size is relevant to auditor independence as perceived by clients themselves, however it may urge the auditor to behave differently depending on the size of the client's firm as smaller client firms may ask for completely different services with few rewards and benefits as compared to bigger client firms. For example, Gul, Jaggi & Krishnan (2007) in their study mention that smaller audit firm have a negative impact on auditor independence as perceived by clients for non-audit services during short audit tenure, but it would be completely different if it was a bigger client firm. Additionally, the effect of client firm size on audit quality was traced to the independence of auditors (Reynolds & Francis, 2001) in a study by Naslmosavi, Sofian & Saat, (2013), the appropriate instrument for measuring independence of auditors is the amount of audit fee in relation with audit firms AICPA (1997) in a study by Naslmosavi et al., (2013). Reynolds and Francis (2001) through "Jones (1991) model discretionary accruals" revealed that large audit firms like big 5 firms allow less "accounting discretion" to their significant client because they should protect their reputation; therefore, the client influence is negative through Naslmosavi et al., (2013). Similarly, other two studies by Chung & Kallapur (2003) and Ahmed et al. (2006) worked on the relation between same model of Jones and client influence. In contrast with Chung & Kallapur (2003) that found insignificant impact of big client on large audit firms, Ahmed et al (2006), result found a positive coefficient client on audit firms also in the study by Naslmosavi et al., (2013).

1.2 Purpose

The aim of this study is to explain what factors that are affecting how clients perceive the auditor independence in Sweden. The study also wants to investigate if the client firm size affects the relationship between independence in appearance and factors affecting independence in appearance.

1.3 Research questions

- How is the client's perception of independence in appearance affected by the provision of non-audit services, the audit fee, the audit tenure, the auditor-client relationship and audit firm size?

- How does client firm size affect the relationship between independence in appearance and non-audit services, Audit tenure, Audit fee, auditor client relationship and audit firm size?

2. Theoretical framework

This section will provide explanation of why theory of profession, legitimacy theory and stakeholder theory are used in the study. The model by Minh Duc et al (2019) and factors affecting auditor independence will be described. And then hypotheses for each of the factor are developed. When we mention independence in appearance, we refer to it from the client's perspective.

2.1 Theory of professions, Legitimacy theory & Stakeholder theory

Theory of professions focuses on the relations between professional groups, theoretical knowledge and the opportunities for practitioners to completely apply such knowledge within their professional practice (Saks, 2016). Independence is the most important aspect in the occupational practice of auditors, which can define if the auditor is legitimate and can be trusted by the clients (Saks, 2016). Additionally, an auditor according to the law cannot move forward with the audit process if they deem themselves to be dependent (Saks, 2016). This theory facilitates in designing questions and present situations which can determine whether each scenario affects the auditor independence.

The independence can be divided into two different forms, which is independence in mind and independence in appearance. Independence in mind means that the auditor act in an objectively and independent way and can't be affected in a way that compromise the independence. Independence in appearance is how independent the auditor appears to be from the perspective of clients and others (IESBA, 2018). This leads us to legitimacy theory.

Another theory that will be applied in this study is legitimacy theory. Legitimacy theory assume that there is a social contract between the organizations and their stakeholders. An organisation that comply with the social contract, and hence also the stakeholder's expectations which means that the client's perceptions on independence in appearance of the auditor must not be affected. The organization must appear to be following their expectations (Deegan & Unerman, 2011). Even if the auditor is independent, the clients can have a different perception of the independence. It can also be the opposite that the auditor is dependent, but the client perceives the auditor as independent (Deegan and

Unerman, 2011). Auditors are supposed to be independent, but if the stakeholders don't think they are independent, the auditor or the audit firm loses its legitimacy (Deegan & Unerman, 2011). The trustworthiness of a client's financial report can be affected if the employed audit firm or auditor is not seen as independent and legitimate by the client's stakeholder (Deegan & Unerman, 2011).

The stakeholder theory can also be applied as the auditors have to act in the client's best interests while maintaining their independence throughout the audit process as it will decrease the legitimacy of the audit firm if the auditor is not independent in appearance from the perspective of the clients (Deegan & Unerman, 2011). The ethical branch of stakeholder theory says that all stakeholder has the same right and the power of the stakeholder are not relevant. Since the society have the right to get information about if the organisation has fulfilled their responsibilities, the financial report and audit report are addressed to the whole society and the auditor has to be independent from all perspectives. Clients are needed for the survival of the audit firm and the independence in appearance of the auditor is important for the survival of the client, since the trustworthiness of the clients' financial report are affected by the independence in appearance. It is therefore important for the auditor to avoid act in a way that affect how the other stakeholders perceive their independence, no matter how powerful that stakeholder is. Also, the client should avoid to act in such way they think will affect the auditor independence and the trustworthiness of the financial report (Deegan & Unerman, 2011).

Since audit firms needs clients to survive, the clients can be seen as a powerful stakeholder for the audit firm and the managerial branch of stakeholder theory can also be relevant. The managerial branch explains that organisations can prioritise more powerful stakeholders and for audit firms there could be a risk that the expectations of clients who, for example, pay a high relative fee are prioritised and could jeopardize the auditor independence (Deegan & Unerman, 2011; Holland & Lane, 2012). An auditor is expected to be free from any external or internal influence which may affect their opinion about the state of affairs of his client's business (Adeyemi & Akinniyi, 2011). The auditor is required to be independent and also to appear to be independent by clients they are reporting on, which allows this paper to use Stakeholder theory. The Stakeholder theory

mainly consists of acting in the stakeholder's best interest which in this case would be the client that the auditors have to conduct an audit on.

2.2 Factors affecting independence in appearance

Minh Duc et al. (2019) created a model to explain what factors that affect the auditor independence from the perspective of stakeholders and the auditors in the Vietnamese context. Some of the five factors have also been studied by other researchers. The factors are non-audit services (e.g. Van Liempd et al, 2012), audit tenure (e.g. Daniels & Booker, 2011), audit fee (e.g. Holland & Lane, 2012), auditor-client relationship and audit firm size (Minh Duc et al., 2019). Corporate governance of the audit firm is another factor that is included in the model by Minh duc et al. (2019) but will be excluded from this study since the clients might not have insight into this factor. The clients can, more or less, affect the five factors, for example the provision of non-audit services, the audit tenure and the auditor-client relationship. Studies have been done on how these factors affect other stakeholders than clients (e.g. Van Liempd et al, 2012; Daniels & Booker, 2011; Kaplan & Mauldin, 2008; Holland & Lane, 2012) and it is of interest to investigate if these factors affect how clients perceive independence in appearance when they also can influence the extant of, for example, non-audit services and audit tenure.

2.2.1 Non audit services

The first factor that affect independence are according to the model non-audit services, which are negative related to auditor independences (Minh Duh et al, 2019). Non-audit services are counselling services that are not closely related to the audit (Carrington, 2014). Van Liempd et al. (2019) found, similar to Minh duc et al (2019), that joint provision of non-audit services and audit services has a negative impact on the independence in appearance. Non-audit services increase the risk of self-reliance and self-examination and is therefore a threat to the independence of the auditor. As the threat of self-interest and familiarity increases, the independence in appearance decreases (Quick & Warming-Rasmussen, 2015). Observations from the annual reports of non-financial companies to investigate whether the provision of non-audit services to audit clients impairs auditor independence of mind and independence in appearance. Abnormal accruals are increasing in the level of NAS fees. The tendency to restate financial statements is also positively related to the level of non-audit fees. Thus, the evidence here

indicates that auditor independence is impaired by the amount of non-audit fees it receives (Campa & Donnelly, 2015).

Quick and Warming-Rasmussen (2015) also found that the different types of non-audit services have different effects on the independence in appearance. Colbert, Murray and Nieschwietz (2008) found that tax services provided by auditors have a negative effect on the independence in appearance, but that other non-audit services didn't affect auditor independence at all.

Hypothesis 1: Non-audit services is negatively related to independence in appearance from the perspective of clients.

2.2.2 Audit tenure

The second factor that also could be important is audit tenure. Audit tenure has been found to have a negative relation to auditor independence (Minh duc et al., 2019). Audit tenure is the length of the auditor-client relationship (Hohenfels, 2016). Auditor partner rotation, which limits the auditor tenure, has been found to increase the independence in appearance (Hohenfels, 2016; Kaplan & Mauldin, 2008). Daniels and Booker (2011) has similar findings, which is that an audit firm rotation policy increase independence in appearance by loan officers. Another negative effect of long audit tenure is that the professional scepticism is impaired by a longer audit tenure, because the auditor become too familiar with the management of the client (Hohenfels, 2016).

Hypothesis 2: Audit tenure is negatively related to independence in appearance from the perspective of clients.

2.2.3 Audit fee

Audit fee is what the client pays to the auditor for the audit. Audit fee is a factor which have been found to have a negative relation to auditor independence (Minh duc et al, 2019). Holland and Lane (2012) found that high total relative fee level is perceived as a threat to auditor independence by shareholders, because it increases the risk of the auditor to become economically dependent of the client. If the audit fee becomes more than fifteen percent of the audit firms' total fees, the auditor has to report this to the audit committee, because it can affect the independence of the auditor (FAR, 2020a). Additionally, an empirical research conducted by John and Chukwumerije (2012) on the

perception of accountants on factors affecting auditor's independence in Nigeria has shown evidence on the significant relationship between auditor's independence and audit fees. Furthermore, Barkes, Simnet, and Urquhart (2002) indicate that the dependence on audit fees does not impair auditor independence but could become a problem when a large proportion of the gross audit fees is received from one client.

Hypothesis 3: Audit fees is negatively related to independence in appearance from the perspective of clients.

2.2.4 Auditor-client relationship

Auditor-client relationship is the relationship between the client and the auditor and is another factor that has been found to affect the auditor independence. Minh Duc et al. (2019) found that auditor-client relationship has a negative relation to auditor independence. The length of the auditor-client relationship has been associated with purchase of non-audit services, which above has been describe has a factor that impair independence in appearance (Svanström & Sundgren, 2012). A long auditor-client relationship can also impair the auditor independence by increasing the threat of familiarity and self-interest (FAR, 2020b). Thahir Abdul Nasser, Abdul Wahid, Nazatul Faiza Syed Mustapha Nazri & Hudaib (2006) mention that Flint (1988) argued that the independence will be lost if the auditor and client have a personal relationship.

Hypothesis 4: Auditor-client relationship is negatively related to independence in appearance from the perspective of clients.

2.2.5 Audit firm size

The fifth factor that can influence the independence in appearance is audit firm size. Audit firm size has been found to be positively related to independence (Minh duc et al., 2019). Akpom and Dimkpah (2013) found unlike Minh Duc et al (2019) that firm size does not have an impact on the independence in appearance. Not much other research has been find concerning the relationship between audit firm size and independence in appearance, but firm size and audit quality has been found to have a positive relationship (Alareeni, 2019). Tepalagul and Lin (2015) concluded that audit independence and auditor capabilities affect the perceived and actual audit quality. This means that the audit independence is a factor that affects the audit quality.

Hypothesis 5: Audit firm size is positively related to independence in appearance from the perspective of clients.

2.4 Client firm size

How strong the effects are of different factors on auditor independence can vary dependent on the client firm size. Gul et al., (2007) found that non-audit fees will have a negative effect auditor independence for small firms with short audit tenure, but for large client firms it will not have the same effect. Firm size has also been used as a moderating variable in other studies. For example, De Meulenaere, Boone and Buyl (2016) investigated how firm size affects the relationship between workforce age diversity and labour productivity and found that the relationship was stronger for large firms than for small firms. Firm size is a factor that influence how a company reacts to and are affected by the environmental context. Small and large firms have different barriers to overcome and different resources and capabilities, which affect their behaviour (Dean, Brown & Bamford, 1998).

Hypothesis 6: Client firm size affects the relationship between independence in appearance and non-audit services, audit tenure, audit fee, auditor-client relationship and audit firm size.

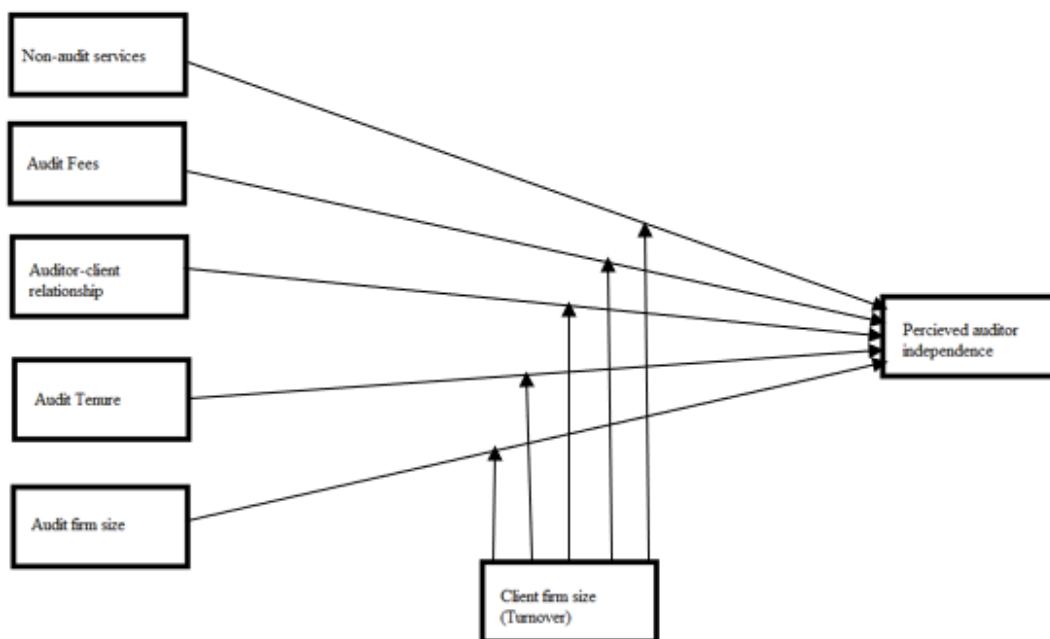


Figure 1

The model shown in the figure above is similar to that used in Minh Duc et al (2019) study, however the model includes the factor of the client firm size which measured by turnover in each company. In this model we have added the client firm size as a moderating variable of the relationship between the factors and independence in appearance.

3. Methodology

To fulfil the purpose of this study, which is to explain what factors that are affecting how clients perceive the auditor independence in Sweden and if the client firm size affects the relationship between independence in appearance and factors affecting independence in appearance, a quantitative approach has been chosen and data was gathered through a questionnaire. The research design and method will be further explained in this section

3.1 Research design

This study has a positivistic approach, which means that it is assumed that the reality is objective, and the reality can therefore be observed using measures. The research is deductive, because the hypotheses are based on theory and the hypotheses are then tested. This study has a quantitative approach, which is associated with a positivistic and deductive approach (Bell, Bryman & Harley, 2018). The advantage of a quantitative approach is that a big amount of data can be analysed in a short period of time, but a disadvantage could be that the data might not be as objective as it seems because the researchers can make decisions during the process that affect the results (Denscombe, 2016). Since this study aims to explain the relationship between different factors and independence in appearance, it has an explanatory aim (Bell et al, 2018).

3.1.1 Sources

The sources for information in this study is scientific articles and books. The articles have been searched for in the databases Summon and Google scholar. Articles have been selected from journals that are concerning economics, accounting and auditing. In addition to the articles, books have been used. The book *Financial accounting theory* by Deegan and Unerman (2011) have been used to explain the legitimacy theory and stakeholder theory. The book *Business research methods* by Bell, Bryman and Harley (2018) and *Forskningshandboken* by Denscombe (2016) are used to get information concerning the research design and method. The book by Pallant (2016), *SPSS survival manual*, is used as a support when analysing the data.

3.1.2 Time horizon

Cross-sectional design and longitudinal design are different kind of research design. Cross-sectional design is characterized by that more than one case are studied and

measured at a single point in time. The longitudinal design is studying how a situation changes over time and it could be one case that are observed, but it can also be more than one case. This research has a time horizon of ten weeks and a cross-sectional design will therefore be best suited, because the short time horizon only allows us to do measures at a single point in time (Bell et al., 2018).

3.2 Data collection

Different methods have been used by other researchers to investigate the relationship between a specific factor and independence in appearance, but the most common method among the articles found is experiments (e.g. Kaplan & Mauldin, 2008; Daniels & Booker, 2011) and questionnaires (e.g. Van Liempd et al., 2019; Minh Duc et al., 2019; Chi-ah & Karlsson, 2010). Interviews has also been used to explore different factors that can affect the independence in appearance (Minh Duc et al., 2019). Questionnaires are chosen for this study, because the questionnaire can be distributed to a large amount of respondent in a short period of time.

This study used online questionnaires with questions concerning the dependent variable independence in appearance and the five factors as independent variables. Unlike some of the research found, this study measured the dependent and independent variables separately. Background and control questions were also included. The questionnaire was sent via email to both small and medium sized limited companies and large limited companies in Sweden. The original and translated questionnaire can be found in appendix 1 and 2. The advantages of online questionnaires are that the data can be downloaded automatically to a database and has faster response and fewer unanswered questions than postal questionnaires. The disadvantage of online questionnaires is that there is a risk of low response rate (Bell et al., 2018). Most of the questions are close ended. The respondent can experience close ended questions as limitative, but close-ended questions may also feel less demanding and increase the willingness to respond (Denscombe, 2016). Some questions are also open-ended, because the answers can vary between the respondents and it was difficult to use multiple choice or Likert scale. An advantage of open-ended questions is that the respondent has the freedom to answer what best suites them and describes the reality for the respondent, but a disadvantage is that open-ended questions require more from the respondent and can therefore reduce the willingness to

answer the questionnaire (Denscombe, 2016). The questionnaire was open between May 12th and May 19th.

3.3 Operationalisation

Most of the articles found that have used questionnaires to collect data have not separated the dependent and independent variables, but directly asked the respondents how the factor or factors affect the independence in appearance (e.g. Van Liempd et al., 2019; Minh Duc et al., 2019). Some previous theses though, that have investigated the independence in appearance from the perspective of auditors, lets the respondents decide on how they would have reacted in certain situations to measure the independence in appearance as an own variable (e.g. Le & Nilsson, 2018; Mårtensson & Jokikokko, 2016). In this study the dependent variable is independence in appearance and the independent variables are non-audit services, audit tenure, audit fee, auditor-client relationship and audit firm size. This section contains explanation on how the dependent, independent, moderating and control variables are measured.

3.3.1 Dependent variable

Independence is debatably of certain significance to the audit profession as “independence is undoubtedly the very selling point of audit services, which apparently provide investors and other financial information users a third-party, independent opinion on financial reports.” (Guo, 2018, p. 23).

Jönsson and Lagher (2018) investigated how the clients perceive the trustworthiness of their auditor and measured independence in appearance using three statements about how the auditor behave in the questionnaire and the respondent answer on a Likert scale. This study is inspired by this way to measure independence in appearance and have added some new statements to measure independence in appearance. Independence in appearance will be measured by six statements. The respondents had to answer on a five-point likert scale, going from strongly disagree to strongly agree. The first and second statement is “*Our auditor has a questioning attitude*” and “*Our auditor pay attention to errors?*” and are meant to capture how the professional scepticism are perceived by the client. A similar statement is used by Jönsson and Lagher (2018) to measure the independence of auditors. Professional scepticism is important for the independence because it makes the auditor more conservative and enhances the auditor's objectivity

(Brown-Liburd, Cohen & Trompeter, 2013). The third and fourth statements is “*Our auditor is objective*“ and “*Our auditor is impartial*“ and are based on Revisorslagen (SFS 2001:883, §20), which says that the auditor should perform their tasks with impartiality and independence and be objective in their positions. The fifth and sixth statement are “*Our auditor makes judgments based on facts*” and “*Our auditor works within the framework of certain principles*” and are based on Jönsson and Lagher (2018) that uses these questions to capture independence.

Cronbach's alpha is used to make sure that the measure is reliable. Cronbach's alpha shows to what extent the measures measure the same thing and the Cronbach's alpha coefficient should be above 0,7 (Pallant, 2016). The measures for the independence in appearance has a Cronbach's alpha coefficient of 0,832 and the measures can be merged into one variable, called AI.

3.3.2 Independent variables

Non-audit services

To get an understanding of the kind of non-audit services that are provided and to what extent they are provided, three statements have been formulated. The respondents answered on a five-point Likert scale, where one is never and five is often. The statements are: “*Our audit firm provide tax consultation outside the audit?*”, “*Our audit firm provide accounting consultation outside the audit?*” and “*Our audit firm provide other types of non-audit services? (e.g. advice on agreements and management-related consultation)*”. Tax consultation have been found to have a negative effect on independence in appearance and are therefore a relevant consultation to ask for (Colbert et al., 2008). Accounting consultation is also a common service that the auditors can provide to its clients (Christensen & Feldt, 2016). Other non-audit services can, for example, include advice on agreements and management-related consultation (Christensen & Feldt, 2016). The three measures of non-audit services are merged into one variable. The Cronbach's alpha for the variable is 0,726, which is an acceptable value. The variable for non-audit services are called NASnew.

Audit tenure

The responsibility of setting how long an audit tenure should be, rests on the regulators, whom in most cases work in relation with the government. For example, In the US,

lengths for audit tenures are set at 5 years only for audit partners according to a provision in the SOX Act enacted after the collapse of Enron (Rahmina & Agoes, 2014).

Three questions were used to capture audit tenure, which is “*how long have you had the same audit firm*”, “*how long have you had the current auditor*” and “*How often do you change auditor*”. The length of the audit tenure is asked about, since it is the length of the audit tenures that has been found to have an effect on the independence in appearance (Minh Duc et al., 2019; Hohenfels, 2016). All questions are open-ended. The respondents are asked to answer in years, except for the question about how often the company change auditor where they can answer freely. The three measures measure different aspects of the audit tenure and are therefore used as three different variables in the analysis. The variables are called ATfirm, ATauditor and ATchange.

Audit fee

One question is used to capture the audit fee and it is “*How satisfied are you with the fees charged by the auditor in relation to what you get?*”. The fee level can affect the audit quality and it has also been found that the fee level show how big bargaining power the client has. High fee level can increase the risk of auditors to give in to client pressure (Asthana & Boone, 2012). In this study the client's satisfaction of the fee level are a way to measure how high the fee level is. The respondents answer the questions on a five-point Likert scale, where 1 is strongly disagree and 5 is strongly agree. This measure is used as one variable in the analysis of the effects of audit fee on independence in appearance and is called Audit fee.

Auditor-client relationship

Strong social exchange relationships develop between auditors and their clients in response to auditor perceptions of fair treatment and support received from the client. Specifically, perceived client fairness predicts perceived client support, and perceived client support predicts auditor commitment to the client. Auditor tenure with the client also yields greater commitment to the client (Herda & Lavelle, 2013).

One question and two statements were used to capture audit-client relationship. The first question is “*How often are you in contact with the auditor or anyone in the audit team during a year?*”. A similar question is used by Jönsson and Lagher (2018) who investigate what affects the trust of the auditor and are something assumed to affect the relationship between the auditor and the client. The question is open-ended. The two statements are “*I have a personal relationship with the auditor*” and “*I see my auditor as a friend*”. The

independence would be decreased if the auditor and the client have a personal relationship (Thahir Abdul Nassar et al., 2006), because the threat of familiarity and self-interest increases (FAR, 2020b). The two statements are answered on a five-point Likert scale, where 1 is strongly disagree and 5 is strongly agree.

A reliability test was also conducted on two of the measures for auditor-client relationship. The Cronbach's alpha was 0,337, which is lower than the recommended value of 0,7. Three variables are used to measure auditor–client relationship and are called ACR contact (how often the client is in contact with the audit team, ACR per. rel. (if the relationship is personal) and ACR friend (if the client see the auditor as a friend).

Audit firm size

The audited entity's size can, normally, be assessed from its financial statements. The financial statements of the audit firm and the number of its professional personnel are indicators of the auditor's size. Another indicator of the audit firm's size is the number of its clients (Wines, 2011). In this study audit firm size will be determined by if it is a big four audit firm or not.

The respondents are asked about what audit firm they employ, and this will give information about if it is a big four audit firm or another firm. The questions are open-ended. To measure firm size by if it is a big four audit firm or another smaller firm are similar to how Minh Duc et al (2019) and Beattie, Brandt and Fearnley (1999) measure audit firm size. The answers are categorised in two categories, 1 is big four audit firm and 2 is not big four audit firm.

3.3.3 Moderating variable

The client firm size is a moderating variable in this study. This is measured by asking what the company's turnover is and how many employees the company have. Both questions are open-ended. According to the European commission (n.d.) a small and medium sized company has less than 250 employees and a turnover of or less than € 50 million. If both the number of employees and turnover are more than this, it is seen as a large company. This definition will form the basis of if the companies are considered to be small and medium sized or large. The variable concerning turnover are coded as 1=>500 million SEK and 2=<500 million SEK and is called Turnover. The variable concerning number of employees are coded as 1=>250 employees and 2=<250 employees. This variable is called Employees

3.3.4 Control variables

The control variable for this study is gender of the respondent, because several studies have anointed gender as a main cause for different behaviour and having totally different perspectives and approach to situations. For example, in the study of Gold, Hunton & Gomaa (2009) there are many differences in how a male auditor acts and how a female auditor acts for example male auditors are willing to take more risk as compared to female auditors however, female auditors tend to be more objective during the audit process than male auditors. These are only some of the ways which prove that males and females have a different approach to situations and since this study focuses on perception on auditor independence, it is important to observe the perspectives of both genders on the matter and their thinking on what factors may actually affect the independence of the auditor. For the analysis, Gender is coded as 1=male and 2=Female.

3.3.5 Background variables

The background variables for this study is the age of the respondents and what position they have in the company, what industry the company belong to and if the auditor previously has been working in the respondent's company or in the management. These questions are asked to get an understanding of the respondents. Most of the questions are open-ended, because they can vary between each respondent. The questions about if the auditor previously have been working for the company is multiple choice questions.

Age is a continuous variable with the age for each of the respondents. The respondents are asked to answer their birth year and then, in SPSS, the variable is computed so that we get the age of the respondent. The positions of the respondent are put into categories, 1=CFO, 2=CEO and 3=other positions. Categories are also used for the industry of the company, where 1=production and 2=service. The last control variable of if the auditor previously has been working in the respondent's company or in the management are left out, because all the respondents answered no on that questions.

3.3.6 Sample selection

To gather data about how clients, perceive auditor independence, the questionnaire was sent to private companies in Sweden. The database Retriever was used to find and select the companies. First, we searched for big limited companies in Sweden and selected every fifth company from the list. Then we searched for small and medium sized limited

companies and selected every fifth company from that list as well. The questionnaire was sent to a total of 228 companies. A systematic sample is used, since the sample is systematically chosen from a list. Systematic sampling is a probability sampling, which has the advantages of making it possible to generalise the findings on the whole population (Bell, Bryman & Harley, 2018). Limited companies were chosen to be sure that the companies found have an auditor, since it is a requirement for limited companies with more than 3 employees, a balance sheet total of SEK 1.5 million or a turnover of SEK 3 million (Aktiebolagslagen SFS 2005:55). 26 responses were received. Reasons for the low response rate could be that many of the emails found were to customer service or other general email addresses to the company, which means that the questionnaire in many cases were not sent directly to the management of the company and we cannot be sure that they got the questionnaire. Because of pandemic many of the customer services takes longer to respond and the questionnaire could have reached the management after the questionnaire were closed. The questionnaire could also have been sent to more than 230 companies to ensure more responses.

4.3 Data analysis

The data gathered from the questionnaire were first downloaded to an excel file. Data about the completion time and email addresses were removed and then the excel file were opened in SPSS. SPSS is used to analyse the data and first the reliability of the measures are analysed, using both Cronbach's alpha. To analyse the correlation between the variables, Spearman's correlation test is done. A multiple regression analysis is used to analyse the relationship between the dependent and independent variables. Since the questionnaire had few responses, there cannot be too many variables in the regression. Only the variables that correlated with independence in appearance are included in the regression analysis, which is ACR contact (how often the client have contact with the auditor), AT firm (how many years the client have had the same audit firm) and audit fee along with client firm size and gender as control variables.

4.3.1 Reliability and validity

Reliability and validity are considered to be the most important quality criteria in quantitative business research. A research that meets the criteria of reliability and validity is a quality research. According to researchers Abraham, (2005), Bell et al. (2018) and

Saunders et al., (2009), to improve on the quality of data used in a research, it is essential to test the research quality by testing its reliability and validity. Cronbach's alpha is used to test the reliability of the measures.

4.4 Ethical Considerations

When doing research is it important to take ethical issues into consideration. Some ethical principles say that the research should avoid harming the participants, should provide information about the research and its purpose, protect the privacy of the participant and prevent deception (Bell et al., 2018). When the questionnaire was sent to the companies a description of who we are and of the purpose of the study was presented. The respondents were also informed that that their answers are anonymous and only will be used for this study.

5. Results and analysis

In this section the results from the questionnaires will be presented and analysed. General information about the respondents will first be presented. The correlation analysis between the dependent and independent variables are presented and analysed. Few responses were received and not many variables can be used in the multiple regression (Pallant, 2016). Therefore, only the independent variables that correlate with independence in appearance will be included in the regression along with two control variables. The moderating variable, client firm size, will be used as a control variable, since too few responses were received.

5.1 Descriptive statistics

Of the 26 respondents, 69,2 percent are male, and 30,8 percent are female. The age of the respondents is between 27 and 67 and the mean age is 50 years. Most of the respondents are CEO of the company (50 %) or CFO (30,8 %) and the rest of the respondents have other positions (19,2 %). The industry of the respondents is both production (53,8 %) and service (46,2%). The respondents belong to both smaller and larger companies, 50 percent has a turnover of more than 500 million SEK and 42,3 percent have a turnover of less than 500 million SEK. The number of employees is for 50 percent of the companies more than 250 people and 46,2 percent has less than 250 employees.

Table 1. Descriptive statistics

| Factor | Category | Frequency | Percent |
|-----------|------------|-----------|---------|
| Gender | Male | 18 | 69,2 |
| | Female | 8 | 30,8 |
| | Total | 26 | 100 |
| Position | CFO | 13 | 50 |
| | CEO | 8 | 30,8 |
| | Other | 5 | 19,2 |
| | Total | 26 | 100 |
| Industry | Production | 14 | 53,8 |
| | Service | 12 | 46,2 |
| | Total | 26 | 100 |
| Turnover | >500 mkr | 13 | 50 |
| | <500 mkr | 11 | 42,3 |
| | Total | 24 | 92,3 |
| Employees | >250 | 13 | 50 |
| | <250 | 12 | 46,2 |
| | total | 25 | 96,2 |

Table 2. Age

| | N | Minimum | Maximum | Mean | Std. Deviation |
|-----|----|---------|---------|-------|----------------|
| age | 26 | 27 | 67 | 49,92 | 10,213 |

The extent of non-audit service was measured on a five-point Likert scale and the mean point is 2,82. The standard deviation is 1,11 points. This means that the auditor is providing non-audit services to the respondents, but not often.

The majority of the respondents' companies have no routine for how often they change auditor and do it rarely (69,2 %) and the rest of the respondents change auditor after 7 years or after less than 7 years (26,9%). The respondents have had the same auditor between 1 and 20 years, the mean of number of years is 6,14. The standard deviation is 5,223 years. The amount of years that the respondents have had the same audit firm is between 1 and 35 and the mean is 11,54 years. The standards deviation is 8,617 years.

How satisfied the respondents are with the audit fee in relation to the what they get is measured with five-point Likert scale and the mean point is 3,04, which means that they have neutral attitude.

The statements of if the clients have a personal relationship with the auditor and if they see the auditor as a friend were answered on a five Likert scale. The mean point for if the

relationship is personal is 2,23 and the standards deviation is 1,366 points, which means that they don't really agree with the statement or are neutral. The mean point for if the auditor is seen as a friend is 1,5 and the standard deviation is 0,707 points, which means that they don't agree with the statement. How often the respondents have contact with the audit team is for 53,8 percent of the respondent once a month or more and for 42,3 percent of the respondents less than once a month.

A majority of the respondents are employing a big four audit firm (80,8%) and 15,4 percent of the respondents employ non-big four audit firms.

Table 3. Descriptive statistics, independent variables

| | N | Minimum | Maximum | Mean | Std. Deviation |
|--------------------|----|---------|---------|--------|----------------|
| AInew | 26 | 3,33 | 5,00 | 4,3718 | 0,55839 |
| ACR per. rel. | 26 | 1 | 5 | 2,23 | 1,366 |
| ACR friend | 26 | 1 | 3 | 1,50 | 0,707 |
| NASnew | 26 | 1,00 | 5,00 | 2,8205 | 1,11248 |
| AT firm | 24 | 1 | 35 | 11,54 | 8,617 |
| AT auditor | 25 | 1 | 20 | 6,14 | 5,223 |
| Audit fee | 26 | 2 | 5 | 3,04 | 0,871 |
| Valid N (listwise) | 21 | | | | |

Table 4. Descriptive statistics. auditor change, frequency of contact and audit firm size

| Factor | Category | Frequency | Percent |
|-----------------------------|-----------------------|-----------|---------|
| Audit tenure | After 7 years or less | 7 | 26,9 |
| | No routin | 18 | 69,2 |
| | Total | 25 | 96,2 |
| Auditor-client relationship | Once a month or more | 14 | 53,8 |
| | Less than a month | 11 | 42,3 |
| | Total | 25 | 96,2 |
| Audit firm size | Big four audit firm | 21 | 80,8 |
| | Other | 4 | 15,4 |
| | Total | 25 | 96,2 |

5.2 Spearman's Correlation

Spearman's correlation test is done to find correlations between the independent variables and the independent variable. Five significant correlations are found. Auditor independence in appearance has a weak positive correlation with audit fee ($r_s=0,392$) and how long the company have had the same audit firm ($r_s=428$), the the higher audit fee and years with the same firm increase independence in appearance. Auditor independence in appearance are negatively correlated to how often the company are in contact with the auditor or someone in the audit team ($r_s=-0,465$), turnover of the client ($r_s=-0,404$) and the clients number of employees ($r_s=-0,422$). This means that more contact with the audit team, higher turnover and higher number of employees impair independence in appearance.

How long the company have had the current auditor and how long they have had the same firm are positively correlated ($r_s=0,548$). How often the respondent change auditor is negatively correlated with the age of the respondents ($r_s=-0,402$). Age has a positive correlation with if the client has a personal relationship ($r_s=0,410$). the Audit fee has a positive correlation with to what extent there is a personal relationship ($r_s=0,694$), the age of the respondents ($r_s=0,450$, $p=0,021$) and the industry of the respondent ($r_s=0,486$).

How often the client has contact with the audit team is positively correlated with turnover of the client ($r_s=0,565$) and has a negative correlation with if the client has a personal relationship with the auditor ($r_s=-0,530$). Turnover is positively correlated with the number of employees of the clients ($r_s=0,585$) and turnover has also a negative correlation with if the client and auditor have a personal relationship ($r_s=-0,441$). If the relationship with the auditor is personal is correlated with the industry of the client ($r_s=0,562$). To what extent the client perceives the auditor as a friend has a negative correlation with gender, which means that male client is more likely to consider the auditor as a friend.

Table 5. Spearman's Correlation

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
|--------------------|--------|--------|--------|--------|--------|---------|--------|---------|--------|--------|--------|--------|--------|-------|-------|----|
| 1. Audit fee | | | | | | | | | | | | | | | | |
| 2. Anew | ,392* | | | | | | | | | | | | | | | |
| 3. AT firm | 0,254 | ,428* | | | | | | | | | | | | | | |
| 4. AT auditor | 0,171 | 0,341 | ,548** | | | | | | | | | | | | | |
| 5. AT change | -0,051 | 0,070 | 0,168 | 0,114 | | | | | | | | | | | | |
| 6. ACR contact | -0,299 | -,465* | -0,027 | -0,031 | 0,170 | | | | | | | | | | | |
| 7. Audit firm size | 0,035 | -0,109 | 0,000 | 0,237 | 0,272 | 0,076 | | | | | | | | | | |
| 8. gender | 0,096 | 0,017 | -0,120 | 0,056 | -0,145 | 0,165 | -0,299 | | | | | | | | | |
| 9. age | ,450* | 0,219 | 0,114 | -0,008 | -,402* | -0,123 | -0,030 | -0,072 | | | | | | | | |
| 10. position | 0,154 | -0,092 | -0,171 | -0,105 | -0,188 | -0,245 | 0,172 | 0,115 | -0,067 | | | | | | | |
| 11. Industry | ,486* | 0,190 | 0,103 | -0,185 | -0,165 | -0,299 | -0,167 | -0,116 | ,438* | 0,051 | | | | | | |
| 12. Turnover | -0,371 | -0,404 | -0,262 | -0,146 | 0,250 | ,565** | 0,060 | -0,222 | -0,314 | -0,104 | -0,175 | | | | | |
| 13. Employees | -0,152 | -,422* | -0,079 | -0,285 | 0,338 | 0,329 | 0,037 | -0,144 | -0,378 | -0,018 | 0,116 | ,585** | | | | |
| 14. NASnew | 0,194 | -0,203 | -0,092 | -0,121 | 0,131 | -0,135 | 0,229 | 0,034 | 0,137 | 0,027 | -0,041 | -0,298 | 0,011 | | | |
| 15. ACR per. rel. | ,694** | 0,317 | 0,247 | 0,030 | 0,007 | -,530** | -0,192 | -0,094 | ,410* | -0,059 | ,562** | -,441* | -0,166 | 0,163 | | |
| 16. ACR friend | 0,174 | -0,196 | -0,038 | 0,183 | -0,022 | -0,218 | 0,347 | -,514** | 0,230 | -0,025 | 0,286 | -0,042 | 0,072 | 0,317 | 0,236 | |

*. Correlation is significant at the 0.05 level.

** . Correlation is significant at the 0.01 level.

5.3 Multiple regression analysis

One regressions analysis is done for each of the variables, since the low response rate only allow us to include three variables in each of the regressions (Bell et al., 2018). Gender and number of employees (client firm size) are control variables included in each regression analysis. The adjusted R square, significance of the model and the variables, tolerance and VIF will be presented below for each of the factors. The adjusted R square shows to what extent the independent variables in the regression model explains the variances of independence in appearance Pallant, 2016). Sig. Shows the significant for the model and the significance of the variable's contribution. If the significance is lower than 0,05 it means that the model or variable are statistically significant. The standardised beta will also be presented, which shows the contribution of each variable. The variable with the highest beta makes the strongest unique contribution on explaining the dependent variable (Pallant, 2016).

Tolerance and VIF are measures of multicollinearity. If a tolerance value is small and less than 0,1 it indicates a high correlation between the independent variables. There should not be a correlation between the variables, because then the trustworthiness of the model will be low (Pallant, 2016). A VIF value above 10 indicates a strong multicollinearity (Pallant, 2016).

5.3.1 Non-audit services

Table 6. The model of non-audit services

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,131 | 0,117 |

The model of non-audit services and the two control variables gender and employees have a p-value of 0,117, which is higher than 0,05 and is therefor not significant. Since the model is not significant it is not relevant to further examine the significance of each variable in the model.

5.3.2 Audit tenure

Table 7. The model of AT firm

| Adjusted R Square | sig. |
|-------------------|-------|
| 0,246 | 0,034 |

As seen in the table above, the adjusted R square is 24,6 percent, which means that the model explains 24,6 percent of the variances of independence in appearance. The model has a p-value of 0,034 which is below 0,05 and the model is therefore statistically significant. This means that the variables, which is the contact between the Auditor and client, how long the company have had the same audit firm, number of employees and gender, in the regression model statistically significantly predicts independence in appearance.

Table 8. The model of AT auditor

| Adjusted R square | Sig. |
|-------------------|-------|
| 0,145 | 0,108 |

The model including how long the client have had the same auditor and two control variables (Gender and employees) are not significant ($0,108 > 0,05$), which mean that the model does not explain the variances of independence in appearance. This means that the beta and p-value for each variable not are relevant to further examine.

Table 9. The model of AT change

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,069 | 0,229 |

The model including how often the client change auditor and two control variables (gender and employees) is not either significant ($0,229 > 0,05$). The model does not explain the variances in independence in appearance and also in this case each variable in the model will not be further examined.

Table 10. Coefficients of the model of AT firm

| | Standardized Coefficients | | Collinearity Statistics | |
|------------|---------------------------|-------|-------------------------|-------|
| | Beta | Sig. | Tolerance | VIF |
| (Constant) | | 0,000 | | |
| AT firm | 0,352 | 0,068 | 0,982 | 1,018 |
| Employees | -0,426 | 0,031 | 0,975 | 1,025 |
| Gender | 0,032 | 0,860 | 0,989 | 1,011 |

The beta value of AT firm (how often the client had the same audit firm) is 0,352, which is weaker than the beta value for Employees. Employees have the highest beta value and are therefore the variable that give strongest unique contribution to the variances in independence in appearance (-0,426). Gender have the lowest beta value (0,032). AT firm has a p-value of 0,068, which indicate that how long the client has had the same firm make a statistically significant contribution in explaining the variances of independence in appearance. Number of employees has a p-value of 0,031 and therefore have a significant contribution to the model. Gender has a p-value of 0,860, which means that gender does not have a significant contribution to the model.

The information in the table above also allows us to check for multicollinearity in our multiple linear regression model. Tolerance should be as high as possible and more than 0.1 and VIF to be less than 10 for all chosen variables, which they are as shown in the model above. The tolerance for the variables is between 0,975 and 0,989, which means that there is no multicollinearity between the variables. The VIF value is between 1,011 and 1,025, which is low and also means that there is no multicollinearity between the variables.

5.3.3 Auditor-client relationship

Table 11. The model of ACR contact

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,219 | 0,047 |

The model for auditor-client relationship (the frequency of the contact between auditor and client) explain 21,9 percent of the variances of independence in appearance. The model is also statistically significant ($0,047 < 0,05$).

Table 12. The model of ACR per.rel

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,179 | 0,069 |

The model for how personal the relationship is explaining 17,9 percent of the variances in independence in appearance. The p-value for the model is 0,069, which indicate that it could be significant.

Table 13. The model of ACR friend

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,104 | 0,156 |

The model that include if the client perceives the auditor to be a friend and two control variables (gender and employees) are not significant ($0,156 > 0,05$). This means that the model does not explain the variances of independence in appearance and the beta and p-value for each variable will not be further explained.

Table 14. Coefficients of ACR contact

| | Beta | Sig. | Collinearity Statistics | |
|-------------|--------|-------|-------------------------|-------|
| | | | Tolerance | VIF |
| (Constant) | | 0,000 | | |
| Gender | 0,112 | 0,571 | 0,897 | 1,115 |
| Employees | -0,227 | 0,278 | 0,817 | 1,223 |
| ACR contact | -0,441 | 0,040 | 0,842 | 1,188 |

The highest beta value does ACR contact have (-0,441), which means that the frequency of the contact between the client and the auditor have the highest unique contribution to the variances of independence in appearance. The number of employees have a beta value of -0,227 and gender has the lowest beta-value (0,112). The contribution of ACR contact is statistically significant ($p=0,040 < p=0,005$). The p-value of gender (0,571) and number

of employees (0,278) is more than 0,05 and the variables does not have a significant contribution in explaining the variances of independence in appearance.

The tolerance is between 0,817 and 0,897, which is high and therefore show that there is a low multicollinearity. The VIF is between 1,115 and 1,223, which also means that the multicollinearity is low.

Table 15. Coefficients of ACR per. rel.

| | Beta | Sig. | Collinearity Statistics | |
|---------------|--------|-------|-------------------------|-------|
| | | | Tolerance | VIF |
| (Constant) | | 0 | | |
| gender | -0,013 | 0,950 | 0,964 | 1,037 |
| employees | -0,388 | 0,050 | 0,955 | 1,048 |
| ACR per. rel. | 0,312 | 0,110 | 0,965 | 1,036 |

For the model concerning if the client has a personal relationship with the auditor, employees have the highest beta-value (-0,388), which means that the number of employees have the highest unique contribution to the variances of independence in appearance. The beta-value for if the client has a personal relationship with the auditor is 0,312, which is close to the beta-value of the number of employees. Gender have a beta value of -0,013, which is not very high. Number of employees is the only variable which have a significant contribution to the variances in independence in appearance (p=0,05) The gender and if the client has a personal relationship to the auditor does not have statistically significant contribution in explaining the variances of independence in appearance.

There is no multicollinearity between the independent variables, since the tolerance is quite high (0,955-0,965) and the VIF-value is low (1,036-1,048).

5.3.4 Audit fee

Table 16. The regression model of audit fee

| Adjusted R square | sig. |
|-------------------|-------|
| 0,176 | 0,071 |

The model has a p-value of 0,071, which not is significant but still can indicate that there could be a significance. The model explains 17,6 percent of the variances of independence in appearance.

Table 17. Coefficients

| | Standardized Coefficients | | Collinearity Statistics | |
|------------|---------------------------|-------|-------------------------|-------|
| | Beta | Sig. | Tolerance | VIF |
| (Constant) | | 0,000 | | |
| employees | -0,398 | 0,047 | 0,963 | 1,038 |
| gender | -0,067 | 0,726 | 0,977 | 1,024 |
| Audit fee | 0,306 | 0,118 | 0,979 | 1,021 |

The highest beta value does number of employees have (-0,398), which means that the number of employees have the strongest unique contribution in explaining the variances in independence in appearance. Number of employees is also the only variable that are statistically significant ($p=0,047 < p=0,05$). Audit fee have a beta value of 0,306 but the variable is not statistically significant ($p=0,118$). Gender had the lowest beta value and contribution (-0,067) and is not statistically significant ($p=0,726$).

The tolerance is between 0,963 and 0,979, which means that there is no multicollinearity between the variables. The VIF-value is between 1,021 and 1,038, which also indicate that there is no multicollinearity.

5.3.5 Audit firm size

Table 18. The model of the audit firm size

| Adjusted R Square | Sig. |
|-------------------|-------|
| 0,083 | 0,201 |

The model including the size of the audit firm and the two control variables gender and number of employees is not significant ($0,201 > 0,05$). This means that the model not explain the variances of independence in appearance. Since the model not is statistically significant it is not relevant to further examine the significance of each variable.

5.3.6 Summary of the results and analysis

Spearman's correlation showed that audit tenure, auditor-client relationship and audit fee partly correlate with independence in appearance. How long the client has had the same firm, how often they have contact with the auditor and the audit fee satisfaction is correlated with independence in appearance.

The regressions analysis showed that the frequency of the contact between the client and the auditor have a significant contribution to independence in appearance, which means that auditor-client relationship partly can explain the variances of independence in appearance. The other variables measuring auditor-client relationship (how personal the relationship is perceived to be by the client and to what extent the client see the auditor as a friend) does not have a significant contribution in explaining the variances in independence in appearance. The regressions analysis also indicated that how long the client has had the same audit firm can explain a part of the variances of independence in appearance. The rest of the measure for audit tenure (how long the client has had the same audit firm and how often the client change audit firm) does not have a significant impact on independence in appearance.

How satisfied the client is with the audit fee does, according to the regression analysis, not explain the variances of independence in appearance. The same are for audit firm size, that also did not have a significant contribution to the variances of independence in appearance.

Client firm size was a control variable (number of employees) included in the regression analysis and were found to have a significant contribution in explaining the independence in appearance in some of the models. The number of employees was significant in the AT firm model, the ACR per. Rel. model and the audit firm size model.

6. Discussion

In this chapter the findings and the hypothesis will be discussed and further analysed. The findings will be related to theory and previous research.

6.1 Non-audit services

Hypothesis 1: Non-audit services is negatively related to independence in appearance from the perspective of clients.

From Spearman's correlation it can be concluded that non-audit services are not correlated to independence in appearance and the regression model of non-audit services are not significant. It can be concluded that non-audit services do not have an effect on independence in appearance from the perspective of the clients. The hypothesis is therefore rejected. Similar results did Colbert et al. (2008) get, which found that non-audit services in general did not have an effect on independence in appearance. They did though find that tax consultation had a negative effect on independence in appearance This studies result is different from other research that has been made on non-audit services and its effect on independence in appearance. Minh Duc et al. (2019), Van Liempd et al. (2019) and Campa and Donnelly (2015) found that non-audit services impair independence in appearance. These studies have though not involved the client's perspective.

One explanation on why non-audit services could have an effect on independence in appearance is that the threat of self-interest and familiarity arises (Quick & Warming-Rasmussen, 2015). But since the clients are the once deciding how much non-audit services they will purchase; they might not buy more non-audit services than they think will affect the independence. This could also be seen from the perspective of legitimacy theory and theory of profession (Deegan & Unerman, 2011). The companies will not buy more service than they think their stakeholders will think is reasonable without jeopardizing the auditor's independence, because the company don't want to lose its legitimacy.

6.2 Audit tenure

Hypothesis 2: Audit tenure is negatively related to independence in appearance from the perspective of clients.

Audit tenure had three different variables. The first variable concerned how often the company has had the same firm. This variable was positively correlated with auditor independence, which means that the longer the client have had the same firm the higher perceived independence in appearance. The regression analysis indicated that how long the client has had the same audit firm has a statistically significant influence on independence in appearance. The two other variables, how long the client have had the current auditor and how often the client change auditor had no correlation with independence in appearance and the regression models for these variables was not significant. It can be concluded that hypothesis 2 are rejected. A positive relation was though found between how long the client have had the same audit firm and independence in appearance.

Other research has shown a negative relation between audit tenure and independence in appearance (e.g. Minh Duc et al., 2019; Kaplan & Mauldin, 2008; Daniels & Booker, 2011). When the audit tenure gets longer the familiarity increases and the professional scepticism could be impaired (Hohenfels, 2016). Some of the companies in this study have a routine and change auditor even if the auditor maybe is seen as independent while other had no routine and therefore might not see the audit tenure as a problem or does think that the auditor is independent and do not need to be changed. From the perspective of legitimacy theory and stakeholder theory the company would change auditor if they don't perceive the auditor to be independent, because that would affect the legitimacy of the financial reports (Deegan & Unerman, 2011). This could explain why no relationship were found between how long the firm have had the same auditor and independence in appearance and between how often the client change auditor and independence in appearance. A reflection that can be made is that the reason the independence in appearance increase when the client has had the same audit firm during a long time could be that the auditor still can be changed, hence the independence of the auditor can be maintained.

6.3 Audit fee

Hypothesis 3: Audit fees is negatively related to independence in appearance from the perspective of clients.

When analysing Spearman's correlation, audit fee has a positive correlation to independence in appearance, but the regression showed that audit fee does not have a significant contribution of explaining the variances of independence in appearance. Based on the correlation and the regression analysis the hypothesis is rejected. Our results are different from other research, which have found a negative relation between audit fee and independence in appearance (e.g. Minh Duc et al., 2019; Holland & Lane, 2012). These studies did though not study independence in appearance from the perspective of the clients and what affect the independence in appearance can vary between different stakeholders (Minh Duc et al., 2019). This study measured how satisfied the auditor is with the audit fee, which is different from how other researchers measure it (e.g. Minh Duc et al., 2019) and that can be a reason for the different results. Our results are a little ambiguous, since there is a positive correlation but the regression says that audit fee does not affect independence in appearance. Barkes, Simnet and Urquhart (2002) found that audit fee doesn't affect independence in appearance until a large proportion of the gross audit fee is received from one client. This can explain why this study found that there is no effect on independence in appearance, since the client might not have insight into how much their audit fee is in relation to other client's audit fee, the independence in appearance is not affected.

6.4 Auditor-client relationship

Hypothesis 4: Auditor-client relationship is negatively related to independence in appearance from the perspective of clients

The Auditor-client relationship covers two factors which are the frequency of contact between the client firm and the audit firm along with the second which is the friendliness between the client firm and the auditor. When analysing this it was found that the factor related to the frequency of contact between the client firm and the audit firm have a significant correlation with auditor independence in appearance. The regression analysis also showed that the frequency of contact has an impact on independence in appearance. The personal relationships between the client and auditor does not have a significant correlation and the regression analysis also showed that how personal the relationship is and if the client sees the auditor as a friend does not affect the independence in appearance. However, in accordance with the studies done by Minh Duc et al. (2019), Svanström & Sundgren (2012) which both say that personal relationships between the

auditor and client negatively affects the auditor independence in appearance. Furthermore, a study by Thahir Abdul Nasser, Abdul Wahid, Nazatul Faiza Syed Mustapha Nazri & Hudaib (2006) that mention Flint (1988) outline personal relationships between client firm and auditor firm increases the threat of familiarity and self-interest. Which is in line with the legitimacy theory and the theory of professions. Theory of legitimacy is applied because while maintaining the relationship is an important aspect for the audit firm it is also important to appear legitimate to external and all the relevant parties since providing a just and fair view to the clients with no compromises to legitimacy to retain clients (Herda & Lavelle, 2013). This can also be seen from the example Arthur Andersen and their role in the Enron scandal. The audit firm lost its status and ultimately dissolved as it was unable to continue its practice. Whereas, the theory of professions is applied as the auditors have to maintain their pledge to appear independent and to be independent in mind to not compromise the audit process. Independence in appearance and mind give a good reputation to audit firm which helps them retain clients and find new ones. Hence, according to our findings we reject the above hypotheses.

6.5 Audit firm size

Hypothesis 5: Audit firm size is positively related to independence in appearance from the perspective of clients.

The audit firm size has only one statement which determines whether the audit firm for the client firm is one of the big4 audit firms, a big audit firm or a local firm, a small audit firm. Audit firm size has been found to be positively related to independence (Minh duc et al., 2019). Akpom and Dimkpah (2013) found unlike Minh Duc et al (2019) that firm size does not have an impact on the independence in appearance and firm size as well as audit quality has been found to have a positive relationship (Alareeni, 2019). Tepalagul and Lin (2015) concluded that audit independence and auditor capabilities affect the perceived and actual audit quality. The audit firm size, according to our findings is not correlated with independence in appearance and the regression analysis confirms that audit firm size not have an impact on independence in appearance. This is not line with the theory of professions and legitimacy theory. The theory of professions strictly limits the independence to the auditors as individuals and not the audit firm itself as they are both separate entities. However, on account of legitimacy theory it can be safely assumed that the audit firm would want to appear legitimate to all of its clients to retain and

continue to provide services to the client firm. Hence, there can be measures set up by the audit firms, or guidelines which are strictly followed by the auditors to encourage them to behave professionally and at the same time maintain their independence in mind and in appearance.

6.6 Client firm size

Hypothesis 6: Client firm size affects the relationship between independence in appearance and non-audit services, audit tenure, audit fee, auditor-client relationship and audit firm size.

This hypothesis could not be tested since we got few responses and the client firm size were instead used as a control variable. The client firm size was measured using two factors which are turnover and number of employees. According to the Spearman's correlation it is found that more contact with the audit team, higher turnover and higher number of employees impair independence in appearance. In addition, it was found that how often the client has contact with the audit team is positively correlated with turnover of the client and has a negative correlation with if the client has a personal relationship with the auditor. Turnover is positively correlated with the number of employees of the clients and turnover has also a negative correlation with if the client and auditor have a personal relationship (Gul et al., 2007). This holds up to the theory of professions and stakeholder's theory. The theory of professions is applied as the findings say the any personal relationship between the client and the auditor has a negative impact, since the auditors must hold up their pledge to be independent in appearance and independent in mind. Whereas, the stakeholder's theory is applied because the auditors need to work in their client's best interest while at the same time maintain their professional scepticism. Therefore, we reject this hypothesis as the client firm does not affects relationships between the dependent and independent variables. It is not the client firm size that matters as small and large firms have different situations and resources (Wines, 2011). The small and big firms also have different requirements and needs that the auditor must fulfil without forming any personal relationships with the client which is the reason for impairment of auditor independence and not the client firm size.

Below is a table that summarises what hypothesis that are accepted or rejected.

Table 19. Summary of hypotheses

| Hypothesis | Result | Comment |
|--|-----------------|---|
| Hypothesis 1: Non-audit services is negatively related to independence in appearance from the perspective of clients. | Rejected | |
| Hypothesis 2: Audit tenure is negatively related to independence in appearance from the perspective of clients. | Partly accepted | how long the client has had the same audit firm are correlated with and the regression analysis indicate that it has an impact on independence in appearance, but not the two other variables. |
| Hypothesis 3: Audit fees is negatively related to independence in appearance from the perspective of clients. | Rejected | The result is a little ambiguous. There is a correlation but the regression showed that audit fee not have an impact on independence in appearance. |
| Hypothesis 4: Auditor-client relationship is negatively related to independence in appearance from the perspective of clients | Partly accepted | Frequency of contact are correlated with and have a significant impact on independence in appearance. The other variables for auditor-client relationship is not significant. |
| Hypothesis 5: Audit firm size is positively related to independence in appearance from the perspective of clients. | Rejected | |
| Hypothesis 6: Client firm size affects the relationship between independence in appearance and non-audit services, audit tenure, audit fee, auditor-client relationship and audit firm size. | Rejected | Could not examine this because of too few responses, but in some of the regression models client firm size, measured as number of employees, explain a part of the variances in independence in appearance. |

7. Conclusion

This section will connect the findings to the purpose of the study and the research question. The theoretical contributions and the practical implications will be presented. The limitations of the study will also be presented and suggestions for future research will be provided.

7.1 Conclusions of the study

The aim of this study was to explain what factors that are affecting how clients perceive the auditor independence in Sweden. The study also wanted to investigate if the client firm size affects the relationship between independence in appearance and factors affecting independence in appearance.

This study also has two research questions:

- How is the client's perception of independence in appearance affected by the provision of non-audit services, the audit fee, the audit tenure, the auditor-client relationship and audit firm size?
- How does client firm size affect the relationship between independence in appearance and non-audit services, Audit tenure, Audit fee, auditor client relationship and audit firm size?

Questionnaires were sent to limited companies and Sweden and 26 responses was received. To conclude, the factors that have an effect on independence in appearance is how long the client have had the same audit firm and how often the client have contact with the auditor or audit team. If the client firm size affects the relationships between the studied factors and independence in appearance could not be studied, since the only 26 responses were received. Client firm size has though been found to be correlated with independence in appearance and have in the regression been shown to have to in some regression models affect independence in appearance.

The results of the regression analysis and correlations indicate that how long the client has had the same audit firm have a significant positive impact on independence in appearance. The longer the client have had the same audit firm the higher independence in appearance. This is not the same results as for example Minh Duc et al (2019) got, where audit tenure was found to be negatively related to independence in appearance. The

differences in results could be because this question measures the effect of tenure of the audit firm and not the audit tenure. The other questions in the questionnaire concerning audit tenure about how long the client have had the same auditor and how often they change auditor was not correlated with independence in appearance.

How often the client has contact with the auditor, which was a variable for auditor-client relationship, have a negative effect on independence in appearance. The more contact the higher independence in appearance. This is not the same result that Svanström & Sundgren (2012) got, which found that the better auditor-client relationship the lower independence in appearance. Even though the client has had the same audit firm, it could be that the independence of the auditor still can be maintained as the auditor can be changed.

The results of audit fee are ambiguous, since there is correlation but the regression analysis says that audit fee not have an impact on independence in appearance. Non-audit services, audit firm size and partly audit tenure does not have an impact on independence in appearance as perceived of the clients. A reason for this could be that the clients do not think, or are not aware of, that the threat of self-interest, threat of self-review, threat of friendship and familiarity will increase because of the audit tenure or non-audit services or that they wouldn't, for example, buy more non-audit services than they think will affect the independence of the auditor, even from the perspective of other stakeholders (Deegan & Unerman, 2018). These results are different from the findings of, for example, Minh Duc et al (2019) and Campa & Donnelly (2012).

The findings of this study revealed that most of the independent variables have no relation with auditor independence as perceived by the clients, most of these findings go in line with the theories used for this paper which are legitimacy theory, stakeholder theory and theory of professions (Van Liempd et al., 2019; Campa and Donnelly 2015). The findings are in line with the theory as it signifies the point that an audit firm would not sacrifice its reputation with the clients with whom they have business dealings with and are their primary source of income, therefore the audit firms stays in line with the legitimacy theory by appearing to be legitimate to the clients, for the stakeholder theory as the audit firm always acts in their interest while still maintaining the professional scepticism which falls in line with the theory of professions (Gul et al., 2007). However, there are some factors such as audit tenure and audit fee which had unexpected results. Audit Tenure

seems to have a positive correlation on perception of auditor independence this is because the longer the auditor has had the same firm the longer it affects the client's perception on the auditor independence. When it comes to audit fee the results are bit unclear as when analysing Spearman's correlation, audit fee has a positive correlation to independence in appearance, but the regression showed that audit fee does not have a significant contribution of explaining the variances of independence in appearance. Our study has a different finding of this factor compared to other studies as we have looked at this from the client perspective whereas most studies look at it from the audit firm's perspective, since the client might not have insight into how much their audit fee is in relation to other client's audit fee, the independence in appearance is not affected, as outlined by Barkes et al., (2002) it only affects the perception of auditor independence if it is received in a significant amount from one client.

7.2 Theoretical contribution

In addition to non-audit services, audit tenure, audit fee, auditor-client relationship and audit firm size, that previously have been studied in relation to independence in appearance, client firm size was included in the model. Client firm size ended up being used as a control variable and was found to be correlated to independence in appearance. Both turnover and number of employees have a negative correlation to independence in appearance, which means that the higher turnover or number of employees the better independence in appearance. The regression analysis did show that employees did have a significant effect on independence in appearance in some of the models, but with more responses the result of the regression could be different. This study show that client firm size can have an impact on independence in appearance. Some of the factors that previous study has found to have an impact on independence in appearance was in this study not found to have an impact on independence in appearance (e.g. Min duch et al., 2019; Holland & Lane, 2012). Non-audit services, audit fee and audit firm size, which is included in the model by Minh Duc et al (2019) of factors affecting independence in appearance, were not found to have the same effect in this study, this finding may give other researches further possibilities to explore those factors and their impact on auditor independence as perceived by their clients all the while educating them about the auditor independence and what it takes for the auditor to remain and appear independent in appearance and in mind and what may compromise it. The results of this study can though

be affected by the low number of respondents (Bell et al., 2018) and that the perspective of this study is just the clients, which is different from most of the other research. Some findings of this study do support the findings of Colbert et al. (2008), which found that non-audit services do not have an effect on independence in appearance, and partly Barkes et al. (2002), which found that audit fee does not have an impact on independence in appearance.

7.3 Practical implications

The results in this study are quite different to the previous studies (e.g. Minh Duc et al, 2019; Holland & Lane, 2012; Kaplan & Maulding, 2008). However, due to low responses the complete aspect may not have been captured. Additionally, the findings were also in line with the stakeholder, legitimacy and profession theories. Auditor independence from the perspective of clients is still relatively a less explored area in the field of auditing and may need further investigation to study various factors which affect the auditor independence from the perspective of clients of the auditors. This study increases the understanding of what factors that might affect the independence in appearance from the perspective of clients and this could help the auditors understand how they also can appear to be independent. According to this study there were only a few factors chosen that affect the client's perception of auditors independence, however there are many other factors that include Grey areas and it is difficult to determine whether the auditor can be regarded as independent in appearance. As seen from previous studies and this study, the results always seem to be inconsistent due to slight changes in measuring the factor, for example the audit fee in this study has different results to previous studies. Granted that the low response rate could have contributed to the different result but the aspect of measuring a factor differently can equally be the reason to different results.

7.4 Limitations

The results of this study cannot be generalized since the questionnaire only had 26 responses and it can be difficult to make assumptions about the whole population (Bell et al, 2018). Additionally, this research was conducted during the outbreak of the COVID 19 which also led to the low amount of responses.

The small sample made it difficult to make multiple regression analysis, because to many variables in the regression can give misleading results when the respondents are few (Bell et al., 2018).

Originally, there were emails to be sent to more companies, however, as mentioned above due to the COVID 19 outbreak most of the chosen companies had delayed response timings for the email or were not available to contact at all. We targeted CEOs and the head of auditing departments as they would have the most appropriate and relevant answers to our questionnaire, but they were difficult to reach in some cases. In those cases, we settled with company information emails which also had the delayed response timings of 2-3 days. The companies were chosen through a pattern of selecting every fifth company and not all the companies chosen responded due to the outbreak as it said on their website that the responses would be delayed but, in some cases, they did not respond at all despite the reminders sent. The time horizon for the paper was short and we had difficulties in the beginning, which lead to that less time could be dedicated to choosing and finding email addresses. Therefore, due to the limited time and unforeseen circumstances of the outbreak we were unable to attain many responses for our questionnaire.

In addition, some measures seemed good to have when creating the questionnaire, but after doing the analysis we concluded that some factors could have been measured differently. For, example, audit tenure that had three measures which measured three different aspects instead of one. All of the measures had not been tested before in other research, since we measured some of the factors differently and that we chose to measure the independent variable and the dependent variable separately. This can affect the reliability of the variables.

7.5 Future research

The client's perspective on auditor independence is vastly unexplored and the factors that do have a definitive impact on the auditors independence are uncertain and researchers often agree and disagree on some factors (Colbert et al. 2008; Minh Duc et al. 2019; Van Liempd et al. 2019; Campa and Donnelly 2015; Kaplan & Mauldin, 2008; Daniels & Booker, 2011; Thahir Abdul Nasser et al., 2006; Akpom and Dimkpah 2013; Gul et al., 2007).

When talking about some suggestions for future research, it could include doing a similar study, but with a larger sample, and maybe to use the client firm size as a moderating variable instead of an independent variable or control variable. A qualitative study with interviews is another suggestion to get a deeper understanding of what affects the independence of appearance from the perspective of clients and if there is any other factor that could be relevant to study further. The most of the previous research including this study is quantitative (e.g. Kaplan & Mauldin, 2008; Minh Duc et al, 2019; Wright & Booker, 2010) and a qualitative and inductive or abductive research could give new perspectives on what factors that could affect independence in appearance.

There wasn't much previous research that could be found that examined the independence in appearance from the client's perspective it mostly focused on the audit firms. However, there were few researches that focused on clients and in some part of researches based around the audit firms also included client's perspective on auditor independence which we used in this study. Another suggestion could be to examine how well the clients are aware of the different threats that can affect the independence of the auditor. This study found that, for example, non-audit services doesn't affect independence in appearance, but it is unclear if the client are aware of that it can threaten the auditor's independence. It is important that also the clients understand the importance of the auditor independence and the threats to it (Campa & Donnelly, 2015). Hence, this research can make a minor contribution to any research which focuses on the client's perspective on auditor independence.

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Appendix 1: Original questionnaire

Hej

Vi är två magisterstudenter, Lovisa Kristensson och Waqas Khan, från högskolan i Kristianstad. Vi håller just nu på att skriva vår magisteruppsats och har valt att undersöka vilka faktorer som kan påverka hur revisorernas oberoende uppfattas. Vi har valt att undersöka detta från klientens perspektiv och vi skulle uppskatta om du skulle vilja svara på vår enkät. Om du känner att du inte är rätt person att svara på frågorna, får du väldigt gärna skicka vidare enkäten till den person du tror kan svara på frågorna.

Enkäten innehåller 16 frågor och tar ungefär 5 minuter att genomföra. Svaren är anonyma och kommer endast användas till denna uppsats.

Vi skulle verkligen uppskatta om du vill svara på enkäten. Har du några frågor är det bara att kontakta oss via email. Enkäten är öppen t.o.m den 19 Maj.

Länken till enkäten: https://forms.office.com/Pages/ResponsePage.aspx?id=11xm-7e0eEWKQin_aRdr31vuPUIV8BRLkEasRXyLHY5UMFRWTFdDUUUxV0tXTzg3SjVJNDJQRjFEQS4u

Med vänliga hälsningar

Lovisa Kristensson Email: lovisa.kristensson0011@stud.hkr.se

Waqas Khan Email: muhammad_waqas.khan0014@stud.hkr.se

Handledare: Elin Smith Email: elin.smith@hkr.se

Allmänt

jag är: man/kvinna/annat)

Vilket år är du född? (ange fyrsiffrigt födelseår)

vilken position har du i företaget?

vilken bransch tillhör ni?

Hur mycket är er omsättning?

Hur många anställda har ni?

uppfattning av revisorns oberoende

Vänligen ta ställning till följande påståenden där 1 är instämmer inte alls och 5 är instämmer helt.

1. Vår revisor har en ifrågasättande attityd
2. Vår revisor är uppmärksam på felaktigheter
3. Vår revisor är objektiv
4. Vår revisor är opartisk
5. Vår revisor gör bedömningar grundade på fakta
6. Vår revisor arbetar inom ramen för vissa principer

Fristående rådgivning

Vänligen ta ställning till följande påståenden där 1 är aldrig och 5 är ofta.

7. Vår revisionsbyrå tillhandahåller skatterådgivning utanför revisionen?
8. Vår revisionsbyrå tillhandahåller redovisningsrådgivning utanför revisionen?
9. Vår revisionsbyrå tillhandahåller annan typ av rådgivning utanför revisionen?
(t.ex. rådgivning kring avtal och ledningsrelaterad rådgivning)

Revisionsperiod

10. Hur länge har ni haft samma revisionsbyrå? (Ange i år)
11. Hur länge har ni haft er nuvarande revisor? (Ange i år)
12. Hur ofta byter ni revisor?

Revisor-klientförhållande

13. Hur ofta har ni kontakt med revisorn eller någon annan i revisionsteamet under ett år? (I samband med revision, rådgivning eller andra omständigheter, via möten, telefon eller mail)

Vänligen ta ställning till följande påståenden där 1 är instämmer inte alls och 5 är instämmer helt

14. Jag har en personlig relation med revisorn
15. Jag ser min revisor som en vän

Revisorsarvode

Vänligen ta ställning till följande påstående där 1 är mycket missnöjd och 5 är mycket nöjd

16. hur nöjd är du med den avgift som tas ut av revisorn i förhållande till vad du får?

Revisionsbyråns storlek

17. Vilken revisionsbyrå anlitar ni?

Appendix 2: Translated questionnaire

Hi

We are two master's students, Lovisa Kristensson and Waqas Khan, from the University of Kristianstad. We are currently writing our Master's thesis and have chosen to investigate what factors may affect how the auditors' independence in appearance is perceived. We have chosen to investigate this from the client's perspective and we would appreciate if you would like to answer our questionnaire. If you feel that you are not the right person to answer the questions, you are very welcome to send the questionnaire to the person you think can answer the questions.

The questionnaire contains 16 questions and takes about 5 minutes to complete. The answers are anonymous and will only be used for this essay.

We would really appreciate if you would like to answer the questionnaire. If you have any questions, just contact us via email. The survey is open until 19 May.

Link to the survey: https://forms.office.com/Pages/ResponsePage.aspx?id=11xm-7e0eEWKQin_aRdr31vuPUIV8BRLkEasRXyLHY5UMFRWTFdDUUUxV0tXTzg3SjVJNDJQRjFEQS4

Sincerely

Lovisa Kristensson Email: lovisa.kristensson0011@stud.hkr.se

Waqas Khan Email: muhammad_waqas.khan0014@stud.hkr.se

Supervisor: Elin Smith Email: elin.smith@hkr.se

General questions

I am: male/female/other

what year were you born? (Enter four-digit year of birth)

What is your position in the company?

What industry do you belong to?

client size

How much is your turnover?

How many employees do you have?

Perceived auditor independence

Please consider the following statements where 1=Strongly disagree and 5=Strongly agree

1. Our auditor has a questioning attitude
2. Our auditor pay attention to errors
3. Our auditor is objective
4. Our auditor is impartial
5. Our auditor makes judgments based on facts
6. Our auditor works within the framework of certain principles

non-audit services

Please consider the following statements where 1=never and 5=often

7. Our audit firm provide tax consultation outside the audit
8. Our audit firm provide accounting consultation outside the audit
9. Our audit firm provide other types of non-audit services (e.g. advice on agreements and management-related consultation)

Audit tenure

10. how long have you had the same audit firm? (In years)
11. how long have you had the current auditor? (In years)
12. How often do you change auditor?

auditor-client relationship

13. How often are you in contact with the auditor or anyone in the audit team during a year? (Contact during audit and consultation or other circumstances, it can be face to face, by telephone or email)

Please consider the following statements where 1=strongly disagree and 5=strongly agree

14. I have a personal relationship with the auditor
15. I see the auditor as a friend strongly disagree to strongly agree

Audit fee

Please consider the following statement where 1=strongly dissatisfied and 5=strongly satisfied

16. How satisfied are you with the fees charged by the auditor in relation to what you get?

Audit firm size

17. which audit firm do you employ?

