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Research on the Impact of Voluntary Auditor Changes in Chinese Listed Companies on Audit Fees

Liuting Huang[1], Shixin Yang[2*]

[1 2] School of Economics and Management, Guangxi Normal University, China | 479927286@qq.com

[2*]Corresponding Author: Shixin Yang | yangshx25@gxnu.edu.cnz

Abstract: This article takes listed companies in China's A-share market that underwent voluntary auditor changes from 2021 to 2024 as the research object, and empirically examines the impact of voluntary auditor changes on corporate audit fees. The research results show that: (1) voluntary auditor changes significantly reduce corporate audit fees, indicating that companies have bargaining advantages in auditor selection and can achieve cost savings by changing auditors; (2) The new regulatory regulations released in 2023 have significantly changed the audit pricing mechanism, so that voluntary changes no longer have a fee reduction effect; (3) When establishing an audit committee for a company, voluntary auditor changes can significantly reduce audit fees; (4) When state-owned enterprises voluntarily change auditors, the cost reduction effect of audit fees is more significant; (5) Voluntary auditor changes have partially mediated the cost reduction effect on audit fees by reducing the proportion of non audit services. This article provides empirical evidence for enterprises to optimize their auditor selection strategies, and also provides insights for regulatory authorities to identify irrational low price competition in the audit market and regulate pricing order.

Keywords: Voluntary auditor change; Audit fees; Policy shock

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1. Introduction

As an important supervisory mechanism in the capital market, the effectiveness of the pricing mechanism of audit services directly affects the independence of auditing and the quality of financial information. However, the process of determining audit fees faces a dual dilemma: on the one hand, companies have an inherent motivation to lower audit fees in order to reduce audit costs; On the other hand, regulatory authorities need to prevent irrational low price competition in order to ensure audit quality. This contradiction is particularly prominent in the context of voluntary auditor changes. Existing research has found that companies may obtain more favorable audit pricing by changing auditors (Zhang T et al, 2010), but whether this market-oriented behavior will affect audit quality and how regulators balance market efficiency and audit independence remain important issues that need to be further explored.

Previous studies have extensively explored the economic consequences of auditor changes, but there are still significant theoretical gaps. Firstly, most studies focus on the individual level changes of certified public accountants (Hu Z R, 2014), while relatively insufficient attention is paid to the overall changes of accounting firms. The limitations of this research perspective may lead to misjudgments of the economic consequences of auditor changes, as changes in certified public accountants typically only involve adjustments to specific practitioners, while changes at the firm level imply changes in the entire quality control system and audit methodology, and their impact mechanisms on audit pricing may differ fundamentally. Secondly, the existing literature lacks a detailed distinction between voluntary and mandatory changes (Broye et al., 2016), especially failing to fully examine the behavioral differences of enterprises with different property rights in these two types of changes. This lack of research makes it difficult for us to accurately grasp the unique patterns of auditor changes under China's special institutional background.

Management Measures for the Selection and Appointment of Accounting Firms by State owned Enterprises and Listed Companies in 2023[1] The introduction provides a new institutional background for studying this issue. This method not only stipulates the mandatory rotation period for accounting firms, but also strengthens the information disclosure requirements for changing auditors. This regulatory change may reshape the game pattern between enterprises and accounting firms: on the one hand, the introduction of mandatory rotation system may enhance the bargaining power of enterprises; On the other hand, the increase in information disclosure requirements may also inhibit companies from frequently changing auditors to lower costs. In this context, a thorough examination of the impact mechanism of voluntary auditor changes on audit fees not only helps to reveal the unique operating rules of the Chinese audit market, but also provides important references for regulatory authorities to improve pricing supervision.

The innovative contributions of this study are primarily manifested in three aspects: First, departing from prior research predominantly focused on individual-level auditor changes among certified public accountants, this paper examines the higher-level decision-making behavior of audit firm-wide changes, thereby providing a more comprehensive revelation of

[1] Notice on Issuing the Management Measures for the Selection and Appointment of Accounting Firms by State owned Enterprises and Listed Companieshttps://www.gov.cn/zhengce/zhengceku/2023-05/05/content_5754176.htm

the economic consequences of auditor changes. Second, by distinguishing between voluntary and mandatory auditor changes and incorporating moderating variables such as ownership structure, this study offers a more precise understanding of the unique patterns governing auditor changes within China's institutional context. Third, beyond investigating direct changes in audit fees, this research conducts an in-depth analysis of the mediating role played by non-audit service ratios, thereby furnishing novel theoretical insights into the intrinsic mechanisms through which auditor changes influence audit pricing. These innovations endow the study with significant theoretical implications while simultaneously providing valuable empirical evidence for corporations to optimize audit procurement strategies and for regulatory bodies to enhance market supervision.

2. Theoretical analysis and research hypotheses

Voluntary auditor change refers to the voluntary replacement of auditors by listed companies based on their own needs, which often involves complex motivations and economic consequences. This article focuses on the impact mechanism of voluntary auditor changes on audit fees in listed companies, and constructs a theoretical framework based on information asymmetry theory, signal transmission theory, and market competition theory.

Based on the theory of information asymmetry, there is a significant information asymmetry between listed companies and auditors in the audit market (Chen L R et al, 2010). When a listed company decides to replace its auditors, the new auditors often lack sufficient understanding of client risks, which can lead to an information disadvantage and result in auditors adopting conservative pricing strategies. Some studies have also found that in the process of auditor change, new auditors generally exhibit the phenomenon of "low price solicitation", which reflects the competitive strategy of auditors temporarily sacrificing some audit fees to acquire new clients (Zhou F Y, 2012). It is particularly noteworthy that in the context of integrated auditing, research has found that the successor auditor did not offer clients a discount on integrated auditing fees when the auditor changed. That is, the public disclosure of audit fee information gradually reduced or disappeared the quasi rent (Chen J J, 2018). This indicates that in an environment with high information transparency, the decrease in audit fees caused by voluntary changes may be more significant.

Based on the theory of signal transmission, auditor changes themselves may transmit signals to the market about the company's risk status (Zhu X Q et al, 2022). Existing research has found through empirical analysis that non-standard audit opinions are the most dangerous signal for voluntary auditor changes, and the reasons disclosed by companies for changes are often unreliable and more likely to be an excuse for concealing differences of opinion (Hu Z R, 2014). This signaling effect can affect auditors' pricing decisions - when a company voluntarily changes auditors, the new auditor may interpret it as a signal that the company is attempting to improve unfavorable audit opinions or conceal financial issues (Huang C H et al, 2022), thereby demanding a higher risk premium. However, an increase in management shareholding will reduce the likelihood of auditor changes, and auditor changes improve the quality of financial information, which means that voluntary changes may also send positive signals (Zhang Yue et al., 2022). These two opposite signal effects jointly affect the final determination of audit fees.

Based on market competition theory, the structural characteristics of the audit market will significantly affect audit pricing behavior (Chang J P et al., 2013). In China's audit market, there exists a pronounced hierarchical disparity and regional differentiation among accounting firms (Hu Z R, 2014), which provides both motivation and conditions for voluntary auditor switches. Zhou F Y (2012) found that in cases where large-scale auditors were replaced by smaller firms, the newly appointed smaller auditors not only failed to reduce audit fees but actually secured higher charges, indicating systematic differences in pricing strategies among auditors of varying scales. Chen J J's (2018) research further demonstrates that improving the disclosure system for audit fees under the integrated audit model can effectively substitute for direct governmental intervention, thereby enabling more scientific and efficient regulation of price competition in the audit market. This suggests that in a fully competitive market environment, voluntary auditor switches are more likely to lead to reductions in audit fees.

Based on the above theoretical analysis, compared with other clients, listed companies that engage in voluntary auditor changes may significantly reduce the audit fees paid in the year of the change due to the subsequent auditor's "low price solicitation" to obtain business, or the company's bargaining advantage during the change process. Therefore, this article proposes the following research hypotheses:

H_1: Voluntary auditor changes can significantly reduce audit fees.

3. Research Design

3.1. Data sources and sample selection

This article selected A-share listed companies from 2021 to 2024 as research samples and screened the samples:

(1) excluding companies in special industries such as finance and insurance to control the interference of industry regulatory differences; (2) Delete abnormal samples with missing audit fees and unclear disclosure of change reasons; (3) Deleting ST and * ST listed companies may distort the rationality of audit fee decisions due to their serious financial risks and abnormal trading behavior.

After screening the samples according to the above steps, a total of 8510 observed variables were obtained. All data involved in this article are sourced from the CSMAR database and manually organized.

3.2. Research Modeling

To examine the impact of voluntary auditor changes on audit fees, this article refers to the research designs of scholars such as Simunic (1980) and Wang J S et al. (2023), and constructs the following basic econometric model:

$$AF_{i,t}=\alpha_0+\beta_1 VAS_{i,t}+\beta_2\sum Controls_{i,t}+\sum Year+\sum Industry+\varepsilon_{i,t} \quad (1)$$

Among them, the dependent variable is audit fees (AF), represented by the natural logarithm of audit expenses incurred by firm i in year t. The explanatory variable is voluntary

auditor switching (VAS), which refers to listed companies' proactive replacement of auditors based on their own needs, such as business requirements or board decisions. This binary variable indicates whether firm i underwent voluntary auditor switching in year t (coded as 1 for compliant cases and 0 otherwise among firms with auditor changes during 2021-2024). Control variables include firm size (Size), profitability (Loss), leverage ratio (Lev), audit opinion (Opinion), business complexity (Comp), and auditor reputation (Nonbig4). Additionally, this study controls for year and industry fixed effects in the regression analysis.

The specific variable definitions and measurements are shown in Table 1.

Table 1. Definitions of variables

variable type	variable name	symbol	Definitions
explained variable	Enterprise audit fees	*AF*	Natural logarithm of enterprise audit fees
explanatory variable	Voluntary auditor change	*VAS*	Among the companies with auditor changes in 2021-2024, those that meet the voluntary criteria will be taken as 1, while those that do not will be taken as 0
control variable	Company size	*Size*	Total assets of that year (in billions of yuan)
	Profitability	*Loss*	If the net profit at the end of the current period is negative, take 1, otherwise take "0"
	Debt level	*Lev*	Total liabilities at the end of the period/Total assets at the end of the period
	Audit opinion	*Opinion*	Standard audit opinion takes 1, otherwise takes 0
	Business complexity	*Comp*	The sum of accounts receivable and inventory at the end of the period divided by the total assets at the end of the period
	Auditor reputation	*Nonbig4*	Non Big Four accounting firms take 1, otherwise take 0
	Year	*Year*	Fixed year effect
	Industry	*Industry*	Industry fixed effects

4. Empirical analysis

4.1. Descriptive statistics

Table 2. Descriptive Statistics

variable	observed value	mean	median	standard deviation	minimum	maximum
AF	8510	14.094	13.998	0.776	10.597	21.417
VAS	8510	0.672	1.000	0.470	0.000	1.000
Size	8510	466.328	46.900	1857.577	3.272	1.51e+04
Loss	8510	0.252	0.000	0.434	0.000	1.000
Lev	8510	0.461	0.448	0.227	0.057	0.979
Opinion	8510	0.939	1.000	0.239	0.000	1.000
Comp	8510	0.235	0.217	0.156	0.000	0.679
Nonbig4	8510	0.918	1.000	0.275	0.000	1.000

Descriptive statistics facilitate the characterization of data distribution and central tendency, thereby establishing a foundation for subsequent analytical procedures. As presented in Table 2, the dataset comprises 8,510 observations, revealing the following characteristics: The natural logarithm of audit fees (AF) demonstrates a mean value of 14.0938 and a median of 13.9978, with a standard deviation of 0.7762 indicating relatively concentrated dispersion. The range of 10.8204 between maximum and minimum values

suggests the sample encompasses both ultra-large corporations and micro-listed entities. The voluntary auditor switch (VAS) variable exhibits a mean of 0.6718 and median of 1, indicating that 67.18% of sampled firms underwent voluntary auditor changes, with this practice being predominantly concentrated among the majority of observations.

4.2. Correlation analysis

Table 3. Correlation Analysis

	AF	*VAS*	*Size*	*Loss*	*Lev*	*Opinion*	*Comp*	*Nonbig4*
AF	1.000							
VAS	-0.103***	1.000						
Size	0.676***	-0.111***	1.000					
Loss	-0.046***	0.019*	-0.106***	1.000				
Lev	0.290***	-0.112***	0.305***	0.226***	1.000			
Opinion	0.021*	0.009	0.051***	-0.293***	-0.162***	1.000		
Comp	-0.150***	0.092***	-0.214***	0.038***	0.075***	-0.037***	1.000	
Nonbig4	-0.397***	0.042***	-0.337***	0.068***	-0.121***	-0.044***	0.131***	1.000

* $p < 0.1$,** $p < 0.05$,*** $p < 0.01$

To assess the degree of correlation between the two variables and ensure the accuracy of regression results, a correlation analysis was conducted, with the outcomes presented in Table 3. Regarding the relationship between core variables, the correlation coefficient between voluntary auditor switching (VAS) and audit fees (AF) was -0.103, statistically significant at the 1% level, indicating a notable negative association that preliminarily validates Hypothesis H1. Furthermore, larger firms (Size) incurred higher audit fees, a finding consistent with the classical model proposed by Simunic (1980). The leverage ratio (LEV) results suggest that high-risk clients are charged higher audit fees, while loss-making listed companies (Loss) also faced elevated audit costs. Engaging non-Big Four audit firms (Nonbig4) reduced audit fees by an average of 39.7%. However, the business complexity (Comp) exhibited an unexpected sign, necessitating further validation of its actual impact magnitude through regression analysis.

4.3. Regression analysis

Regression analysis elucidates the intricate interrelationships among multiple variables when examining the impact of voluntary auditor changes on corporate audit fees, warranting in-depth analysis of the underlying economic drivers and market mechanisms.

Table 4. The Impact of Voluntary Auditor Changes on Audit Fees

	(1) *AF*	(2) *AF*
VAS	-0.098***	-0.067***
	(-5.824)	(-4.954)
Size		0.000***
		(21.515)
Loss		-0.014
		(-0.911)
Lev		0.930***
		(29.170)
Opinion		0.020
		(0.774)

Comp		-0.428***
		(-8.918)
Nonbig4		-0.737***
		(-25.898)
Constant	14.160***	14.375***
	(1019.949)	(320.816)
year	control	control
industry	control	control
Observations	8510	8510
R-squared	0.206	0.487

Robust t-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

This study incorporates both year and industry fixed effects. As shown in Column (1) of Table 5, without including any control variables, the regression coefficient for voluntary auditor switching (VAS) is -0.0979, indicating that firms' proactive auditor changes can reduce audit fees by an average of approximately 9.79%. This finding provides preliminary support for Hypothesis H1, suggesting that auditor switching may reduce corporate expenditures through optimized audit resource allocation, reduced negotiation costs, or the introduction of more competitive audit pricing strategies. However, Model 1 has limitations as it does not account for potential confounding factors such as firm size and financial risk that may influence audit fees.

To address this issue, Column (2) introduces control variables including firm size (Size) and profitability (Loss), with the regression coefficient for voluntary auditor switching (VAS) remaining significant at -0.0671. The results confirm the robustness of Hypothesis H1, demonstrating that voluntary auditor switching indeed reduces audit fees. Moreover, the adjusted R-squared of the model improves, indicating enhanced explanatory power after incorporating relevant control variables.

Regarding control variables, the coefficients for firm size (Size) and leverage ratio (Lev) are positive, while those for audit opinion (Opinion), business complexity (Comp), and auditor reputation (Nonbig4) are negative. This suggests that firms with larger size, higher leverage, non-standard audit opinions, lower business complexity, or non-Big 4 auditors are associated with higher audit pricing, aligning with findings in the mainstream literature.

In summary, voluntary auditor changes have a significant cost reduction effect on audit fees.

4.4. Robustness test

4.4.1. The explanatory variable lags behind by one period

The impact of auditor change decisions resembles a stone cast into water, with ripple effects persisting for years. Given that low audit fees may incentivize firms to switch auditors, this study ensures strict temporal causality—where changes precede fee adjustments—by lagging the explanatory variable by one period (L1_VAS). As demonstrated in Column (1) of Table 5, voluntary auditor changes remain negatively correlated with audit fees. Firms that voluntarily switched auditors in the prior period exhibit an average reduction of 6.65% in current audit fees. The minimal discrepancy compared to contemporaneous effects underscores the remarkable persistence of pricing concessions. The negative influence of

voluntary auditor changes on audit fees demonstrates enduring significance, remaining statistically evident not only in the immediate term but also in the subsequent lagged period.

4.4.2. Exclude the sample of loss making enterprises

Loss-making enterprises often exhibit distinct motivations for auditor changes compared to profitable firms, potentially opting for "low-quality, low-cost" audit services due to survival pressures. To verify the robustness of the regression model, this study excludes the sample of loss-making enterprises. As shown in Column (2) of Table 5, after removing loss-making samples, the fee reduction effect of voluntary auditor switching (VAS) increased from -6.71% to -8.45%. This confirms that the presence of loss-making enterprises weakens the relationship between voluntary auditor changes and audit fees among normal enterprises. The consistent results support the robustness of the main findings.

4.4.3. Change the sample interval

Considering that some enterprises are facing operational difficulties or even delisting during the epidemic period, and auditors are hindered in carrying out audit procedures, such as inventory monitoring and letter confirmation procedures due to lockdown measures, this article excludes samples from the epidemic period and retains 6444 sample regression data from 2022-2024 for re regression. The regression results are shown in column (3) of Table 5. The results showed that after the elimination of epidemic interference, the cost reduction effect of voluntary changes remained significant, confirming the robustness of the H1 hypothesis.

Table 5. Robustness Test

variable	(1) *AF*	(2) *AF*	(3) *AF*
VAS		-0.084***	-0.066***
		(-5.303)	(-4.280)
L1_VAS	-0.066***		
	(-4.274)		
Size	0.000***	0.000***	0.000***
	(18.804)	(19.875)	(18.830)
Loss	-0.030*		-0.028*
	(-1.813)		(-1.671)
Lev	0.910***	1.141***	0.918***
	(25.247)	(26.538)	(25.753)
Opinion	0.055*	-0.060	0.054*
	(1.822)	(-1.084)	(1.782)
Comp	-0.392***	-0.527***	-0.392***
	(-7.354)	(-8.974)	(-7.410)
Nonbig4	-0.704***	-0.720***	-0.703***
	(-20.391)	(-22.674)	(-20.858)
Constant	14.337***	14.380***	14.329***
	(272.140)	(210.855)	(275.964)
year	control	control	control
industry	control	control	control
Observations	6,319	6,361	6,444
R-squared	0.488	0.536	0.488

Robust t-statistics in parentheses
**** p<0.01, ** p<0.05, * p<0.1*

5. Further analysis

5.1. Impact from regulatory rules

Table 6. Impact analysis from regulatory rules

	(1)
	AF
VAS	0.015
	(0.422)
DID	0.018**
	(0.008)
Post2023	0.092***
	(0.008)
Size	0.000***
	(0.000)
Loss	0.015
	(0.010)
Lev	0.152***
	(0.051)
Opinion	-0.016
	(0.014)
Comp	-0.125*
	(0.065)
Nonbig4	-0.193***
	(0.019)
Constant	14.603***
	(0.383)
year	control
industry	control
Observations	8510
R-squared	0.953

Standard errors in parentheses
* p < 0.1,** p < 0.05,*** p < 0.01

The “Measures for the Selection of Accounting Firms by State-Owned Enterprises and Listed Companies”, issued in 2023, has reshaped the audit market landscape. The mandatory eight-year rotation requirement for state-owned enterprises has directly increased the proportion of institutional changes, while the core provision mandating regular rotation of audit engagement partners and signing certified public accountants has significantly diminished the private relationship capital between auditors and clients. Additionally, listed companies are required to issue public announcements explaining the reasons for auditor changes and submit such changes for shareholder approval, thereby elevating the cost of audit transparency. In terms of short-term policy effects, mandatory rotation releases substantial audit demand, potentially prompting firms to strategically underbid for new clients (Zhou F Y, 2012). Drawing on the EU's experience with mandatory rotation, enforced audit rotation is expected to reduce market concentration (Christopher B & Ulrike S, 2018).

Consequently, this study introduces "Post2023" as a policy dummy variable, assigned a value of 1 when the year is equal to or greater than 2023 and 0 otherwise, to capture the aggregate effect following the implementation of the "Appointment Regulations." Additionally, the study incorporates a difference-in-differences (DID) interaction term

constructed as the product of Post2023 and the voluntary auditor switch variable (VAS) to identify the treatment effect on the policy-affected sample group. Referring to the classic design of Bertrand and Mullainathan (2003), a model is constructed based on the characteristics of the "Recruitment Management Measures":

$$AF_{i,t}=\alpha_0+\beta_1 VAS_{i,t}+\beta_2 DID_{i,t}+\beta_3 Post2023_t+\beta_4\sum Controls_{i,t} +\sum Year+\sum Industry+\varepsilon_{i,t} \quad (2)$$

The regression results in Table 6 demonstrate that the policy treatment effect (DID) indicates a statistically significant 1.8% increase in audit fees for the sample group affected by the policy shock (i.e., enterprises undergoing voluntary changes post-2023) after controlling for other factors. This positive effect contrasts sharply with the fee reduction phenomenon documented in prior research, confirming that the "Auditor Selection Measures" have successfully reversed the low-price competition pattern. The policy timing effect (Post2023) reveals an average 9.2% audit fee increase across the full sample post-implementation, substantially exceeding the DID coefficient difference, suggesting potential accounting firms' preemptive adjustments for future rotation costs. The coefficient for voluntary auditor switching (VAS) shows a positive yet statistically insignificant relationship, diverging from the significantly negative correlation found in previous studies, which verifies this "moderate" regulatory intervention has effectively curbed lowballing practices in the audit market.

In summary, the introduction of new regulatory regulations in 2023 has significantly changed the audit pricing mechanism, making the fee reduction effect of voluntary auditor changes no longer significant.

5.2. Adjustment effect analysis

5.2.1.Corporate Governance Analysis

Table 7. Analysis of Corporate Governance

	(1) No audit committee has been established	(2) Establish an audit committee
VAS	0.046	-0.066***
	(0.163)	(-3.246)
Size	0.000***	0.000***
	(4.609)	(7.636)
Loss	-0.228*	-0.023
	(-1.752)	(-1.005)
Lev	2.235***	0.889***
	(3.516)	(17.864)
Opinion	-0.052	0.014
	(-0.132)	(0.340)
Comp	-1.429	-0.384***
	(-1.375)	(-3.452)
Nonbig4	-0.956**	-0.732***
	(-2.511)	(-15.971)
Constant	13.693***	14.397***
	(26.939)	(224.888)
year	control	control
industry	control	control

Observations	214	8,296
R-squared	0.911	0.457

Robust t-statistics in parentheses
**** p<0.01, ** p<0.05, * p<0.1*

The establishment of an audit committee within a company is an effective reflection of corporate governance, and its establishment will systematically change the economic consequences of auditor changes. The internal audit committee of the company, through professional financial supervision, helps to reduce information asymmetry, curb opportunistic behavior of management, ensure that change decisions are based on efficiency improvement rather than opinion buying, and as a neutral third party, helps to ensure that audit quality is reasonably matched with costs. Therefore, the establishment of the audit committee transforms voluntary change from a possible opportunistic behavior to an effective mechanism for improving audit efficiency. To verify this conclusion, this study examined the impact of voluntary auditor changes on audit fees using the grouping of audit committees within the company. The regression results are shown in Table 7.

The regression analysis reveals a statistically significant negative correlation in the establishment group, confirming that audit committees restore auditor changes to their essential purpose of "efficiency enhancement," thereby improving both the efficiency and transparency of change decisions. Regarding control variables, the coefficient for financial leverage (Lev) decreased from 2.239 to 0.886, indicating that strong governance reduces risk premiums. The coefficient for standard audit opinions (Opinion) became smaller and more significant, demonstrating that governance improvements mitigate misconduct.

In summary, among companies that have established audit committees, voluntary auditor changes significantly reduce audit fees, while companies that have not established such committees do not have this effect.

5.2.2. nature of property rights

State owned enterprises are subject to dual supervision by the State owned Assets Supervision and Administration Commission and the Ministry of Finance. Auditor changes must follow relevant regulations and procedures, and the motivation for such changes may be mixed with compliance and efficiency improvement; The decision-making of non-state-owned enterprises is more market-oriented and requires higher risk compensation. Therefore, compared to non-state-owned enterprises, state-owned enterprises are more likely to negotiate more favorable terms and achieve fee reductions by leveraging their institutional advantages. To verify this conclusion, this study used the grouping of enterprise property rights to examine the impact of voluntary auditor changes on audit fees. The regression results are shown in Table 8.

The regression results by ownership type reveal that voluntary auditor switching (VAS) demonstrates a significant fee reduction effect in state-owned enterprise (SOE) samples, whereas no such effect is observed in non-SOE groups. This divergence substantiates the moderating role of ownership structure in switching motivations—SOEs leverage institutional advantages to exert stronger bargaining power during auditor negotiations, while non-SOEs are primarily driven by market risk considerations. Both groups exhibit common

characteristics in risk pricing, with highly significant coefficients for financial leverage (LEV). However, the higher risk premium observed in SOEs reflects auditors' pricing compensation for their "high-leverage yet low-risk" profile.

In summary, voluntary auditor changes in state-owned enterprises significantly reduce audit fees, while non-state-owned enterprises do not have this effect.

Table 8. Analysis of Property Rights Nature

	(1) State owned enterprise regulation	(2) Non state-owned enterprise regulation
VAS	-0.094**	-0.035
	(-2.435)	(-1.120)
Size	0.000***	0.000***
	(9.876)	(5.804)
Loss	-0.031	0.013
	(-0.903)	(0.556)
Lev	0.960***	0.873***
	(9.914)	(13.215)
Opinion	0.055	-0.020
	(0.781)	(-0.531)
Comp	-0.370***	-0.394***
	(-2.708)	(-3.651)
Nonbig4	-0.642***	-0.830***
	(-10.751)	(-13.134)
Constant	14.268***	14.462***
	(124.772)	(170.569)
year	control	control
industry	control	control
Observations	3980	4528
R-squared	0.535	0.410

Robust t-statistics in parentheses
**** p<0.01, ** p<0.05, * p<0.1**

5.3. Analysis of intermediary effect

The conventional view posits that cost synergies exist between non-audit services (e.g., consulting, taxation) and audit services, whereby bundled procurement may reduce auditors' marginal costs and consequently lower audit fees. Voluntary auditor changes may coincide with adjustments to non-audit service structures, such as new auditors providing either more or fewer non-audit services, thereby influencing total audit fees. This study employs the ratio of non-audit fees to total audit fees (NT) as a mediating variable to elucidate how voluntary auditor switching (VAS) affects audit fees through NT. Drawing upon the mediation analysis methodology proposed by Wen and Ye (2014), which decomposes total effects into direct and indirect effects, we aim to determine whether NT serves as a mediator between VAS and audit fees. This approach aligns with theoretical expectations: post-auditor transition, firms may indirectly reduce audit fees by adjusting the proportion of non-audit services, or through combined effects of new auditors' competitive pricing strategies and service structure realignment. This article constructs the following model:

$$NT_{i,t}=\alpha_0+\beta_1 VAS_{i,t}+\beta_2\sum Controls_{i,t}+\sum Year+\sum Industry+\varepsilon_{i,t} \quad (3)$$

$$AF_{i,t}=\alpha_0+\beta_1 VAS_{i,t}+\beta_2 NT_{i,t}+\beta_3 Controls_{i,t}+\sum Year+\sum Industry+\varepsilon_{i,t} \quad (4)$$

Table 9. Three step test of mediation effect

	(1) total effect	(2) Intermediary Path	(3) direct effect
VAS	-0.067***	-0.009*	-0.065**
	(-2.64)	(-1.76)	(-2.56)
Size	0.000***	-0.000***	0.000***
	(11.63)	(-5.28)	(11.59)
Loss	-0.014	-0.005	-0.013
	(-0.70)	(-1.16)	(-0.63)
Lev	0.930***	0.050***	0.919***
	(16.85)	(4.08)	(16.73)
Opinion	0.020	0.005	0.019
	(0.60)	(0.60)	(0.57)
Comp	-0.428***	-0.030*	-0.421***
	(-5.14)	(-1.65)	(-5.08)
Nonbig4	-0.737***	0.009	-0.739***
	(-16.74)	(1.27)	(-16.66)
NT			0.221**
			(2.14)
Constant	14.375***	0.119***	14.349***
	(211.84)	(9.27)	(204.90)
year	control	control	control
industry	control	control	control
Observations	8510	8510	8510
R-squared	0.481	0.108	0.483

t statistics in parentheses

* $p < 0.1$,** $p < 0.05$,*** $p < 0.01$

The regression results are presented in Table 9. The direct effect coefficient of voluntary auditor switching (VAS) on audit fees is -0.067, indicating that auditor changes significantly reduce fees, with the total effect being statistically significant. The regression coefficient of voluntary auditor switching (VAS) on the proportion of non-audit services (NT) is -0.009, demonstrating that auditor changes lead to a decrease in the proportion of non-audit services, which satisfies the prerequisite for mediating variables and confirms the mediation pathway. After incorporating the proportion of non-audit services (NT), the coefficient of voluntary auditor switching (VAS) remains significant with a slight reduction, suggesting partial mediation. Meanwhile, the coefficient for the proportion of non-audit services (NT) is 0.221, indicating that an increase in non-audit services significantly raises audit fees—contrary to theoretical expectations—possibly due to the heightened audit complexity or risk premium associated with non-audit services.

In summary, voluntary auditor changes have partially mediated the cost reduction effect on audit fees by reducing the proportion of non audit services.

6. Research Conclusion and Implications

This article empirically tests the impact of voluntary auditor changes on corporate audit fees based on data from Chinese A-share listed companies from 2021 to 2024, and explores the moderating effects of factors such as audit committees, property rights, and regulatory oversight. The main research conclusions are as follows: Firstly, voluntary auditor changes can significantly reduce audit fees for enterprises, indicating that enterprises have certain bargaining power in the process of auditor selection and can save audit costs by changing auditors. This discovery supports the audit market competition hypothesis, which suggests

that companies can obtain more favorable audit pricing by changing auditors. Secondly, the introduction of new regulatory regulations in 2023 has significantly changed the audit pricing mechanism, making the fee reduction effect of voluntary auditor changes no longer significant. This indicates that regulation has played an important role in regulating the pricing order of the audit market, effectively curbing the behavior of enterprises lowering audit fees through frequent replacement of auditors. Thirdly, the establishment of an audit committee is an important governance mechanism that affects the economic consequences of auditor changes. Research has found that voluntary changes in auditors are necessary to significantly reduce audit fees in companies that have established audit committees, indicating that the supervisory function of audit committees helps companies choose auditors more reasonably and optimize audit costs. Fourthly, the nature of property rights has a moderating effect on the economic consequences of auditor changes. Compared to non-state-owned enterprises, voluntary auditor changes in state-owned enterprises have a more significant impact on reducing audit fees. Fifthly, the analysis of intermediary effects shows that voluntary auditor changes partially mediate the reduction of audit fees by reducing the proportion of non audit services.

Based on the above research findings, this article believes that enterprises should optimize their auditor selection strategies. When selecting auditors, enterprises should comprehensively consider their own governance structure, bargaining power, and the supply and demand situation of the audit market, and formulate reasonable auditor selection strategies; In the context of increasingly strict regulation, audit firms should avoid relying on low price strategies to acquire clients, and instead enhance market competitiveness by improving audit quality, professional service capabilities, and industry expertise; The audit market environment is constantly changing, and regulatory agencies should continue to pay attention to the economic consequences of auditor changes and make timely adjustments to balance the relationship between market self pricing and regulatory intervention.

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