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Corporate Governance Elements and Their Impact on Audit QualityThe Influence of Corporate Governance on Audit Quality: A Systematic Literature Review

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ABSTRACT

This systematic literature review examines the influence of corporate governance (CG) on audit quality (AQ), addressing gaps in existing research, particularly in emerging markets. It highlights critical factors such as variability in CG practices and AQ outcomes, emphasizing the roles of gender diversity, board independence, and audit committee effectiveness. The objective is to identify key patterns and gaps, offering actionable insights to enhance governance frameworks. Using a rigorous methodology, the study synthesizes findings from recent peer-reviewed research. The analysis focuses on recurring themes like ownership concentration, auditor independence, and audit rotation, employing thematic and narrative synthesis to produce coherent insights. The results demonstrate that independent and diverse boards, effective audit committees, and auditor independence significantly enhance AQ by improving oversight and reducing financial misstatements. However, challenges such as concentrated ownership and weak regulatory enforcement can diminish these benefits. These findings provide valuable recommendations for policymakers and corporate leaders to strengthen transparency, accountability, and stakeholder trust. By integrating theoretical frameworks with practical applications, the study advances global discussions on CG and AQ while highlighting the need for further research in underexplored markets and industry-specific contexts.

INTRODUCTION

Corporate Governance (CG) and Audit Quality (AQ) have become central topics of academic and professional discourse in the past two decades, driven by numerous financial scandals and the global push for greater transparency and accountability in financial reporting (Kaawaase et al., 2021). These interconnected issues reflect critical components in ensuring robust corporate oversight. Effective corporate governance mechanisms, such as board independence, audit committees, and transparent decision-making, are essential in mitigating

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agency conflicts, enhancing transparency, and fostering accountability (Brekumi et al., 2023) . These mechanisms not only reduce information asymmetry but also establish a solid foundation for promoting investor confidence and market stability (Nguyen & Nguyen, 2024).

The relationship between CG and AQ is inherently complex and context-specific, shaped by various structural and environmental factors. For instance, in different governance contexts, gender diversity on boards and the presence of independent audit committees have been found to significantly enhance AQ by promoting objectivity and vigilance in financial reporting (Awadallah, 2020; Maji & Tiwari, 2024). Conversely, concentrated ownership structures and role duality—common in many organizations—can weaken governance effectiveness and diminish AQ by reducing oversight mechanisms (Shubita et al., 2024). These contrasting outcomes underscore the necessity for governance policies tailored to specific organizational and regional contexts.

Emerging markets, including Indonesia, Vietnam, and Qatar, offer valuable insights into the nuanced relationship between CG and AQ due to their evolving regulatory frameworks and unique governance characteristics. Studies suggest that in these markets, CG practices such as board independence and active audit committee engagement significantly enhance AQ (Ndrayati et al., 2023; Santosa et al., 2021). However, challenges persist, including weak enforcement of regulations and the prevalence of family-owned businesses, which often undermine the implementation of effective CG practices and their potential impact on AQ (Nguyen & Nguyen, 2024; Shubita et al., 2024).

To address these complexities, this study seeks to answer the following research questions: (1) What are the key mechanisms of corporate governance that influence audit quality in emerging markets? (2) How do contextual factors such as ownership structure, regulatory frameworks, and cultural norms moderate the relationship between corporate governance and audit quality? (3) What gaps exist in the current literature regarding the interplay between corporate governance and audit quality, particularly in underexplored industries and regions? By articulating these questions, this study aims to provide a focused and comprehensive exploration of the topic.

Despite the increasing attention devoted to CG and AQ, significant knowledge gaps remain unaddressed. Much of the existing literature primarily examines developed economies, with limited focus on the intricacies of CG-AQ dynamics in emerging markets (Maji & Tiwari, 2024). Furthermore, while the direct impact of CG on AQ has been widely studied, less attention has been given to moderating variables such as firm size, leverage, and ownership concentration, which may alter this relationship in meaningful ways (Awadallah, 2020; Santosa et al., 2021).

This study aims to fill existing gaps by providing a systematic synthesis and critical analysis of recent literature on the influence of corporate governance (CG) on audit quality (AQ). It seeks to uncover patterns, identify regional variations, and address gaps in the literature. By integrating theoretical frameworks with empirical evidence, the study contributes uniquely to the academic discourse on CG and AQ, particularly in the context of emerging markets. The findings will advance both theoretical understanding and practical applications, offering actionable insights for policymakers and practitioners in designing governance frameworks that effectively enhance AQ. Through this effort, the study aspires to provide a comprehensive understanding of how CG mechanisms shape AQ across diverse contexts, ultimately fostering greater accountability and transparency in financial reporting systems.

RESEARCH METHOD

This study adopts a systematic review methodology to critically analyze peer-reviewed articles published between 2019 and 2024, focusing specifically on the relationship between corporate governance and audit quality. The exclusive reliance on the Scopus database ensures that the selected articles meet rigorous academic and quality standards, thereby enhancing the credibility and reliability of the review. By structuring the process around predefined inclusion and exclusion criteria, the study systematically narrows its scope to include only the most relevant and insightful research contributions to the field. Articles related to key themes such as audit committee (AC) independence, board diversity, ownership concentration, and audit rotation mechanisms were emphasized to identify their impacts on AQ (Elmashtawy et al., 2023; Khuong et al., 2022; Sulaiman et al., 2022)

The review incorporates studies like Abdelhak et al. (2022), which examine the interaction of governance mechanisms such as AC independence and audit firm type on AQ in the context of the COVID-19 pandemic (Abdelhak et al., 2023). Additionally, Elmashtawy et al. (2024) emphasizes the role of joint audits as a moderating mechanism between AC effectiveness and AQ (Elmashtawy et al., 2023). Sulaiman et al. (2022) further discuss the efficacy of audit firm rotation and its role in improving AQ while considering governance strength as a critical factor (Sulaiman et al., 2022).

Thematic and narrative analysis were employed to synthesize findings systematically. The thematic analysis process involved three key stages: (1) Familiarization with the data, where articles were read in-depth and recurring themes were identified; (2) Generation of initial codes, where relevant text segments were categorized into predefined themes such as board independence, audit committee effectiveness, and ownership concentration; (3) Theme refinement, where the codes were reviewed and grouped into broader categories to identify patterns across the literature. This process is visually summarized in Figure 1, which illustrates the progression of steps from data familiarization to theme refinement. This iterative process ensured that themes were robust and accurately reflected the findings of the selected studies.

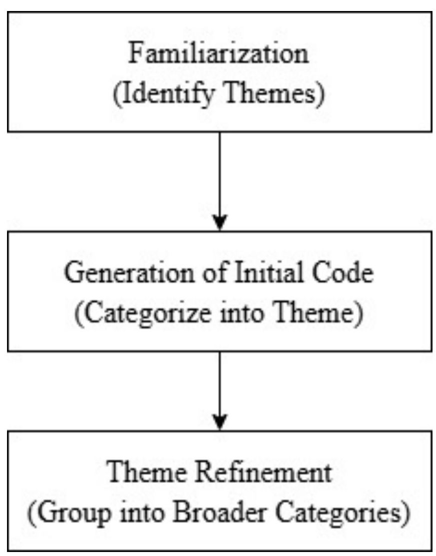

Figure 1. Thematic Analysis Process

Table 1 summarizes the themes identified through the thematic analysis, outlining key Corporate Governance (CG) elements such as board independence, audit committee effectiveness, and ownership concentration, along with their respective impacts on Audit Quality (AQ), including enhancing objectivity, reducing financial misstatements, ensuring financial accuracy, and mitigating fraud risks. To complement this, Figure 2 presents a thematic map that visually depicts the relationships between these CG mechanisms and AQ outcomes, specifically highlighting how elements like board independence, audit committees, and ownership concentration contribute to outcomes such as reduced fraud and enhanced transparency, providing a cohesive understanding of the interplay between governance practices and audit effectiveness.

Table 1. Themes Identified from Thematic Analysis

Theme	Description
Auditor Independence	Enhances objectivity and reduces financial misstatements by strengthening oversight.
Audit Committee Effectiveness	Ensures financial accuracy and reduces risks of fraud through frequent meetings and financial literacy.
Ownership Concentration	Can either strengthen or weaken audit quality depending on governance structure.

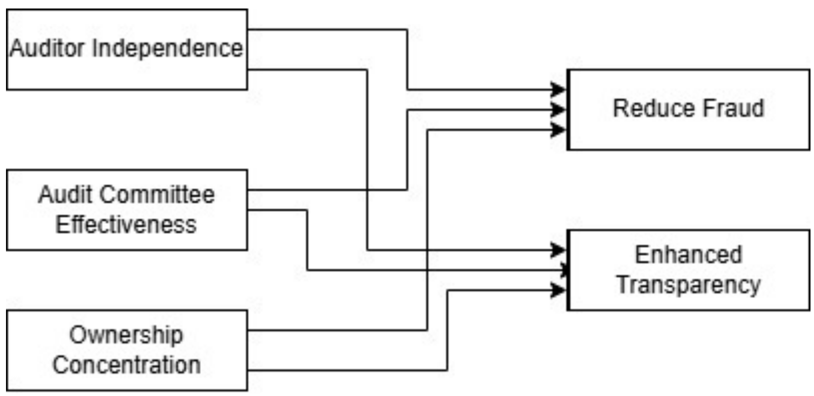

Figure 2. Thematic Map of Corporate Governance Elements and Their Impact on Audit Quality

Structured Search Strategy

The study employs predefined search terms such as "corporate governance," "audit quality," "board independence," "ownership concentration," and "audit rotation" using Boolean operators to identify relevant studies. Broader terms like "governance mechanisms" and "audit effectiveness" were also incorporated to capture comprehensive coverage. The articles retrieved were subjected to a multi-stage screening process. Titles and abstracts were reviewed for initial relevance, followed by an in-depth review of the full text for final inclusion. For instance, studies focusing on ownership concentration as a moderating role in CG-AQ relationships were prioritized (Khuong et al., 2022; Viet Ha et al., 2023).

Inclusion and Exclusion Criteria

To maintain academic rigor, the review only includes peer-reviewed journal articles published between 2019 and 2024, written in English, and indexed in Scopus. Grey literature such as conference papers and theses were excluded. Furthermore, articles lacking methodological rigor or sufficient empirical evidence were omitted to ensure only robust sources were analyzed. For example, Handayani and Ibrani (2019) explored the role of law compliance in moderating CG's impact on AQ and were included due to their rigorous methodological framework (Handayani & Ibrani, 2019).

Data Extraction and Analysis

Critical information was extracted systematically, capturing research objectives, methodology, and key findings. Studies like Abdelhak et al. (2022) utilized regression analysis to link governance mechanisms to AQ during crises, while Elmashtawy et al. (2024) introduced composite measures of AC effectiveness (Abdelhak et al., 2023; Elmashtawy et al., 2023). These thematic patterns were analyzed using thematic analysis to identify recurring themes like the significance of audit firm size, rotation, and board diversity in improving AQ. Narrative synthesis was employed to consolidate findings into a coherent discussion, emphasizing areas of consensus, divergence, and potential research gaps.

This methodology ensures a balance between breadth and depth, systematically combining high-quality research to provide a comprehensive understanding of the interplay between CG and AQ. By integrating insights from multiple contexts, such as the Egyptian, Malaysian, and Vietnamese markets, this review underscores both theoretical advancements and practical implicationsThe analysis phase involves the application of thematic analysis and narrative synthesis techniques. Thematic analysis is employed to identify recurring themes, such as the role of board diversity in enhancing audit quality or the impact of ownership concentration on financial transparency. This method allows the study to categorize and interpret key patterns within the literature systematically. Narrative synthesis complements thematic analysis by integrating the identified themes into a coherent narrative. This approach provides a qualitative summary of the findings, highlighting areas of consensus and divergence across the reviewed studies. By synthesizing the findings in this way, the study offers a holistic perspective on the interplay between corporate governance and audit quality.

One of the strengths of this methodology is its ability to balance breadth and depth. The exclusive focus on Scopus-indexed articles ensures that the study captures a wide array of high-quality research while maintaining a clear and manageable scope. Additionally, the structured approach to data extraction and analysis ensures that the findings are both comprehensive and insightful. By identifying recurring themes and patterns, the study not only consolidates existing knowledge but also highlights gaps and areas for future research.

RESULTS AND DISCUSSION

Descriptive Overview of the Literature

This systematic review analyzed 15 studies focusing on the relationship between corporate governance and audit quality. The distribution of these studies highlights several key aspects:

A total of 15 articles were included in the review, covering a diverse range of geographical regions. The geographical distribution is as follows: Vietnam contributed the largest share with 4 studies, followed by Indonesia with 3 studies, Egypt and India with 2 studies each, and Malaysia, Ghana, Qatar, and Jordan contributing 1 study each. This broad geographical representation provides a comprehensive understanding of the subject in various global contexts, particularly in emerging markets.

The publication years of the articles analyzed range from 2019 to 2024. The majority of the studies were published in 2024, accounting for 6 articles, followed by 2023 with 3 articles, and 2022 and 2021 with 2 articles each. Articles from 2019 and 2020 contributed 1 study each. The annual distribution indicates a growing academic interest in the topic in recent years, reflecting the increasing importance of corporate governance and audit quality in global financial and corporate environments.

In terms of thematic focus, the articles primarily explore key elements of corporate governance, such as board composition, audit committee effectiveness, auditor independence, and ownership structure, and their influence on audit quality. Additionally, several studies highlight the broader impact of audit quality on organizational outcomes, including reducing fraud risks and enhancing the credibility of financial reporting.

The accompanying Figure 3 illustrate the geographical distribution and temporal trends of the studies included in this review. Together, these findings provide a comprehensive overview of the literature, highlighting not only the diversity of contexts examined but also the increasing relevance of corporate governance and audit quality in academic discourse.

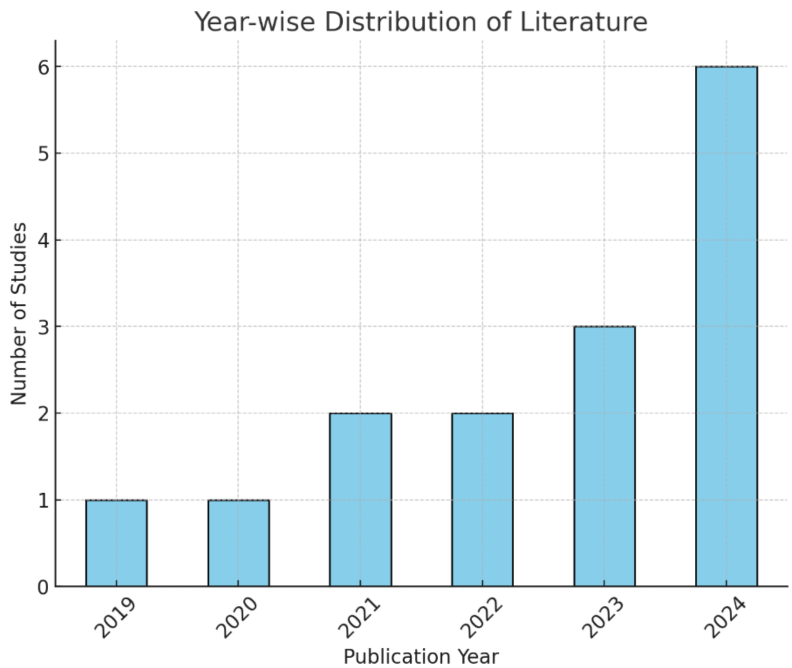

Figure 3. Distribution of Literature

Key Findings

The findings from this systematic literature review reveal the significant influence of various corporate governance (CG) elements on audit quality (AQ). These elements play critical roles in ensuring the reliability and integrity of financial reporting, addressing agency conflicts, and enhancing organizational transparency. Below is a detailed discussion of the primary governance components and their impact on AQ.

Corporate Governance Elements and Their Impact on Audit Quality

Board composition, the presence and effectiveness of audit committees, auditor independence, and ownership structure are critical factors influencing audit quality. Regarding board composition, the diversity and independence of board members are essential for maintaining effective oversight of financial processes. Boards with a higher proportion of independent directors are better equipped to challenge management decisions, thereby enhancing audit quality (Nguyen & Nguyen, 2024). Furthermore, gender diversity on boards has been shown to improve objectivity and strengthen governance frameworks, as diverse perspectives contribute to more robust decision-making processes (Tiwari & Maji, 2024). This theme of board independence was validated through the thematic analysis process, where studies consistently demonstrated a strong correlation between independent oversight and improved audit quality. Findings from narrative synthesis further emphasized the role of diverse and independent boards in reducing financial misstatements and increasing organizational accountability.

The presence and effectiveness of audit committees also play a pivotal role in overseeing financial reporting and internal controls. Active and independent audit committees, especially those with financially literate members, ensure that complex financial statements and audit findings are thoroughly analyzed. This reduces the risk of financial misreporting and enhances the credibility of the audit process. Studies have indicated that the frequency of audit committee meetings and the expertise of its members significantly correlate with improved audit outcomes (Awadallah, 2020; Ndrayati et al., 2023). The iterative thematic analysis identified this theme as central to effective audit quality enhancement, supported by evidence linking frequent and skilled audit committee involvement to reduced financial irregularities.

Auditor independence is a fundamental aspect of ensuring unbiased financial reporting. When auditors maintain professional independence from management, the likelihood of conflicts of interest diminishes, resulting in more accurate and reliable financial disclosures (Nguyen & Nguyen, 2024). Moreover, auditor independence instills greater confidence among stakeholders, as it ensures that audits are conducted without external pressures that could compromise their integrity (Shubita et al., 2024). Narrative synthesis corroborated the importance of this theme by consolidating findings from various studies that highlighted the direct impact of auditor independence on stakeholder trust and the credibility of financial reporting.

Finally, ownership structure significantly affects audit effectiveness. Ownership concentration, particularly in family-owned or state-owned enterprises, often limits the effectiveness of audits due to potential conflicts of interest and reduced scrutiny over financial practices (Shubita et al., 2024). In contrast, organizations with diverse ownership structures are more likely to adopt transparent governance mechanisms, positively impacting audit quality by fostering accountability and reducing information asymmetry (Santosa et al., 2021). The thematic analysis revealed the dual nature of this theme, where ownership concentration either strengthened or weakened audit outcomes depending on governance context. For instance, narrative synthesis identified that in family-owned enterprises, concentrated ownership hindered transparency, consistent with findings from Shubita et al. (2024).

Table 2 illustrates the main themes derived from the thematic analysis of the reviewed literature, showcasing the critical corporate governance (CG) elements influencing audit quality (AQ). These identified themes—auditor independence, audit committee effectiveness, and ownership concentration—play critical roles in shaping audit quality. The analysis highlights recurring patterns in the literature, providing a structured understanding of how governance mechanisms impact transparency, accountability, and stakeholder trust. Specifically, the table presents subthemes for each key element, describing their role in governance practices and their respective impacts on audit quality.

Table 2. Key Themes Identified and Their Impact on Audit Quality

Key Theme	Sub Theme	Impact on Audit Quality	References
Auditor Independence	Involvement of independent auditors	Reduces conflicts of interest, enhances transparency and	Nguyen & Nguyen

		reliability of financial statements, and strengthens stakeholder confidence.	(2024); (Shubita et al., 2024)
Audit Committee Effectiveness	Role and functions of the audit committee	Reduces risks of financial misstatements and fraud through strong internal controls; frequency of meetings and financial literacy of committee members are directly linked to improved audit quality.	Awadallah (2020); Ndrayati et al. (2023)
Ownership Concentration	Impact of ownership structure	Concentrated ownership may weaken oversight due to conflicts of interest, while diverse ownership structures promote transparency, accountability, and better audit oversight.	Santosa et al. (2021); Shubita et al. (2024)

The theme of Auditor Independence emerges from studies that emphasize the role of independent auditors in enhancing audit quality. Supporting studies, such as Nguyen & Nguyen (2024) and Shubita et al. (2024), highlight that auditor independence ensures unbiased reporting and minimizes conflicts of interest, thereby strengthening the credibility of financial disclosures. Similarly, Audit Committee Effectiveness focuses on the critical roles and functions of audit committees in ensuring financial oversight (Nguyen & Nguyen, 2024; Shubita et al., 2024). Awadallah (2020) and Ndrayati et al. (2023) emphasize that active and financially literate audit committees reduce misreporting risks and strengthen internal financial monitoring (Awadallah, 2020; Ndrayati et al., 2023). Lastly, the theme of Ownership Structure explores the dual impact of concentrated and diverse ownership on governance practices. Concentrated ownership may weaken audit oversight due to conflicts of interest, whereas diverse ownership enhances transparency and accountability. These relationships are summarized in Table 3, which outlines the governance elements and their respective impacts on audit quality.

Table 3. Governance Elements and Their Impact

Corporate Governance Elements	**Impact on Audit Quality**
Board Composition	Diversity and independence improve objectivity and enhance audit oversight (Maji & Tiwari, 2024; Nguyen & Nguyen, 2024)
Auditor Independence	Ensures unbiased reporting and reduces conflicts of interest (Nguyen & Nguyen, 2024; Shubita et al., 2024).
Presence and of Audit Committees Effectiveness	Active and effective committees strengthen financial monitoring and reduce misreporting risks (Awadallah, 2020; Ndrayati et al., 2023)
Ownership Structure	Concentrated ownership may weaken audit quality, while diverse ownership enhances transparency and accountability (Santosa et al., 2021; Shubita et al., 2024).

Figure 4 presents a comprehensive illustration of how corporate governance (CG) mechanisms influence audit quality (AQ), expanding upon Figure 2 by incorporating additional dimensions such as regional contexts, regulatory enforcement, and cultural norms. These added dimensions highlight the nuanced ways in which governance practices interact with external factors to produce varied audit outcomes, such as fraud prevention, enhanced compliance, and strengthened stakeholder trust. The differences in dimensions arise due to the limitations of Figure 2, which primarily focused on direct relationships between CG elements and AQ outcomes without considering how factors like weak regulatory environments, ownership concentration, or cultural influences moderate these relationships. For example, regulatory enforcement amplifies the positive effects of independent audit committees, while concentrated ownership in family businesses may weaken oversight regardless of other governance mechanisms. These additions in Figure 4 provide a holistic understanding of the governance-AQ nexus, making it more relevant for diverse organizational and regional contexts.

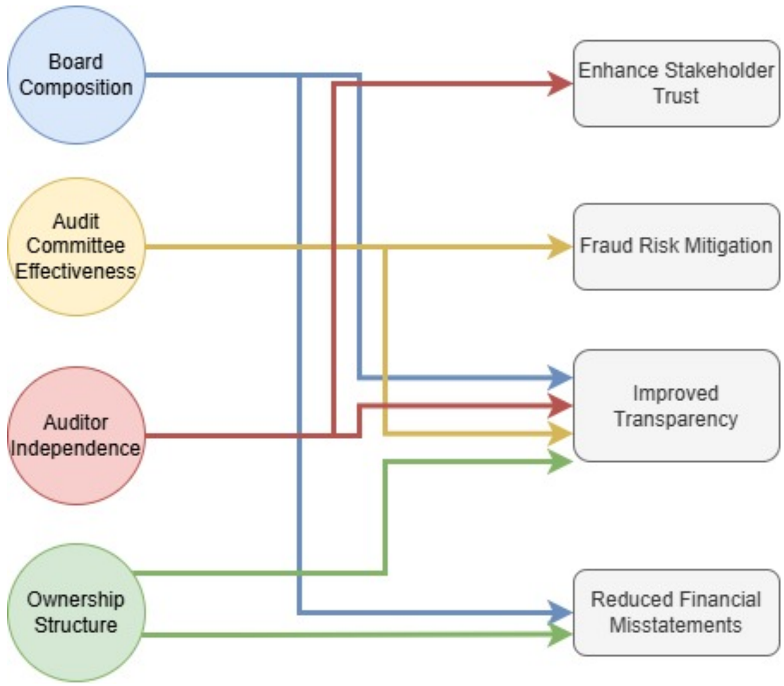

Figure 4. Relationships Between Corporate Governance Elements and Audit Quality Outcomes

Impact of Audit Quality on Organizations

Audit quality is a critical factor in shaping organizational outcomes, influencing not only financial reporting but also broader operational and strategic dimensions. High-quality audits ensure compliance with legal standards and enhance stakeholder trust and confidence, ultimately fostering long-term organizational sustainability. One of the most significant impacts of audit quality is its role in reducing the risk of fraud. By providing rigorous financial oversight, auditors can identify discrepancies, ensuring that financial statements accurately represent the organization's financial position. This vigilance reduces the likelihood of fraudulent activities, such as intentional misstatements or asset misappropriation. Research by Indrayati et al. (2023) and Shubita et al. (2024) supports this, showing that robust audits significantly lower fraud risks by strengthening internal controls and enhancing compliance practices (Ndrayati et al., 2023; Shubita et al., 2024). As summarized in Table 4, high-quality audits play a pivotal role in reducing fraud risks, reinforcing financial oversight, and improving compliance.

In addition to mitigating fraud risks, high-quality audits enhance the credibility of financial reporting. Reliable audits ensure that stakeholders, including investors and creditors, have access to accurate and trustworthy information for decision-making. This credibility is crucial for fostering investor confidence and upholding the integrity of financial disclosures. (Nguyen & Nguyen, 2024) highlight the role of high-quality audits in maintaining the integrity of financial statements, while (Awadallah, 2020) underscores their importance in improving transparency in corporate governance, thereby solidifying trust among stakeholders.

Another critical impact of audit quality is its contribution to improved compliance with regulations. Adhering to legal and regulatory standards is essential for avoiding penalties and ensuring sustainable operations. High-quality audits help organizations meet these requirements, minimizing financial and reputational risks associated with non-compliance. Studies by Santosa et al. (2021) and Indrayati et al. (2023) indicate that organizations with strong audit practices are better positioned to align with industry regulations, demonstrating a commitment to consistent and lawful practices (Ndrayati et al., 2023; Santosa et al., 2021).

Finally, audit quality plays a vital role in strengthening stakeholder trust. Transparent and unbiased audits reassure investors, regulators, and employees about the organization's financial health, fostering trust and accountability. When audits provide an accurate assessment of financial performance, they demonstrate the organization's dedication to transparency and ethical governance. Research by Maji & Tiwari (2024) and Nguyen & Nguyen (2024) confirms that organizations with high-quality audits are perceived as more reliable, enhancing their reputation and relationships with key stakeholders (Maji & Tiwari, 2024; Nguyen & Nguyen, 2024).

Table 4. Impact of Audit Quality

Impact of Audit Quality	Description	Supporting Studies
Reduction in Fraud Risk	High-quality audits strengthen oversight and minimize the likelihood of financial fraud and irregularities.	(Ndrayati et al., 2023; Shubita et al., 2024)
Enhancement of Financial Reporting Credibility	Accurate and reliable audits enhance the trustworthiness of financial reports, boosting investor confidence.	(Awadallah, 2020; Nguyen & Nguyen, 2024)
Improved Compliance with Regulations	Ensures adherence to legal and regulatory requirements, reducing the risk of penalties and sanctions.	(Ndrayati et al., 2023; Santosa et al., 2021)
Strengthening Stakeholder Trust	Transparent and unbiased audits foster trust among stakeholders, including investors, regulators, and employees.	(Maji & Tiwari, 2024; Nguyen & Nguyen, 2024)

Research Gaps and Limitations

The existing literature on corporate governance and audit quality reveals several unexplored areas that merit further investigation. A significant gap lies in the limited exploration of specific industries, such as technology, healthcare, and non-profit sectors. These industries face unique governance challenges and audit requirements that are not adequately addressed in the current body of research. By focusing primarily on general corporate sectors, studies miss critical insights that could inform industry-specific governance frameworks and audit practices.

Another notable gap is the underrepresentation of emerging markets beyond frequently studied countries such as Vietnam and Indonesia. Regions in Africa, the Middle East, and South Asia, which often grapple with governance challenges like family-owned businesses, weak regulatory systems, and cultural influences, remain insufficiently explored. Understanding the dynamics of corporate governance and audit quality in these contexts is crucial for addressing regional challenges and enhancing the global applicability of research findings. Additionally, while many studies document direct relationships between governance mechanisms and audit quality, the moderating and mediating effects of variables like firm size, leverage, and organizational culture are rarely examined. These interaction effects could provide richer and more nuanced insights into the governance-audit nexus.

Several limitations in existing studies also constrain their contributions to the field. Small sample sizes are a recurring issue, with many studies relying on data from single countries or specific timeframes, thereby reducing the generalizability of their findings. Methodological biases, such as inconsistent use of econometric models and reliance on self-reported data, further undermine the comparability and reliability of research outcomes. Moreover, the absence of longitudinal analyses restricts the ability to capture the evolving nature of governance practices and their long-term impact on audit quality.

Lastly, many studies fail to account for the socio-political and cultural contexts that significantly influence governance and audit practices, particularly in regions with distinctive legal frameworks or organizational cultures. This lack of contextual analysis oversimplifies the complexities of governance dynamics, limiting the relevance of findings in specific settings. Addressing these research gaps and methodological shortcomings is vital for advancing the understanding of corporate governance and audit quality and for informing policies that enhance financial oversight and accountability globally.

Discussion

This study highlights the critical role of corporate governance (CG) in shaping audit quality (AQ), with various governance elements influencing the rigor and reliability of audits. The findings demonstrate that diverse and independent board compositions promote enhanced oversight and accountability, reducing the risk of financial misstatements. Similarly, the presence of active and competent audit committees ensures strengthened internal controls and accurate financial reporting, significantly improving audit outcomes. Auditor independence further supports this relationship by minimizing conflicts of interest, thereby ensuring unbiased and credible financial disclosures. Ownership structure, however, presents a dual-edged dynamic; while diverse ownership enhances transparency, concentrated ownership, especially in family-owned enterprises, often undermines audit quality by limiting scrutiny. In emerging markets such as Indonesia and Vietnam, these dynamics are further complicated by weak regulatory enforcement and cultural norms that often prioritize familial or state interests over transparency and accountability.

The findings align closely with foundational theories, providing both reinforcement and novel insights. As highlighted in Table 2, these themes are rooted in theoretical frameworks that provide a robust foundation for understanding their significance. From the perspective of Agency Theory, robust governance mechanisms serve to mitigate agency conflicts between management and shareholders by implementing effective checks and balances, ensuring that management prioritizes shareholder interests. Auditor independence, as shown in Table 2, is a fundamental mechanism for reducing information asymmetry and enhancing stakeholder trust. Similarly, Signalling Theory supports the idea that high-quality audits serve as credible signals of a firm's governance and financial integrity. Audit committees and ownership structures further interact with these mechanisms, reinforcing the theoretical foundations of corporate governance practices.

Empirically, the study's findings underscore how CG mechanisms influence AQ across diverse contexts. For example, Nguyen & Nguyen (2024) and Shubita et al. (2024) emphasize the role of auditor independence in fostering unbiased reporting and stakeholder confidence (Nguyen & Nguyen, 2024; Shubita et al., 2024). Awadallah (2020) and Ndrayati et al. (2023) highlight the critical functions of audit committees in enhancing internal controls and ensuring accurate financial reporting (Awadallah, 2020; Ndrayati et al., 2023). Additionally, Santosa et al. (2021) and Shubita et al. (2024) demonstrate how concentrated ownership structures can undermine AQ by reducing governance oversight, particularly in family-owned enterprises (Santosa et al., 2021; Shubita et al., 2024). These empirical insights strengthen the study's arguments by linking theoretical concepts to observed practices in various governance environments.

The theoretical implications of these findings are both reinforcing and novel. While traditional governance frameworks such as Agency Theory remain valid, this study underscores the need to incorporate contextual factors, such as cultural norms and regional regulatory environments, which influence the efficacy of governance mechanisms. Additionally, emerging insights, such as the relationship between gender diversity on boards and audit quality, challenge traditional governance paradigms focused solely on financial expertise. These findings broaden the theoretical discourse to include diversity and inclusivity as critical dimensions of effective governance.

Practically, this study provides actionable recommendations for both policymakers and corporate leaders. Policymakers should focus on strengthening governance regulations, such as mandating auditor rotation, ensuring the independence of audit committees, and promoting gender diversity in corporate boards. Such measures not only enhance oversight but also reduce conflicts of interest and foster greater accountability. For corporate leaders, investing in governance reforms is imperative to ensure high-quality audits. Key steps include recruiting independent directors with diverse skill sets, providing financial literacy training for board members, and fostering a culture of transparency and accountability within audit committees. In sectors like finance, where regulatory oversight is stronger, these recommendations could have a more immediate impact compared to technology sectors, which require more tailored approaches due to their unique governance challenges.

Organizations in emerging markets, in particular, must address challenges related to ownership concentration and weak regulatory enforcement to align with global governance standards. For example, the study emphasizes the importance of implementing targeted strategies to strengthen auditor independence, which has been found to significantly enhance transparency and trust in financial reporting. These reforms are particularly critical for markets like Indonesia, where concentrated ownership and familial control dominate the corporate landscape.

This study, however, is not without limitations. The reliance on available literature restricts its scope to published studies, potentially overlooking recent or unpublished developments in the field. Geographically, the studies analyzed are concentrated in certain regions, leaving other emerging markets underrepresented. Furthermore, the absence of longitudinal analyses limits insights into the long-term dynamics of governance and audit relationships. Future research should address these gaps by conducting empirical studies with larger datasets, encompassing a broader range of industries and regions. Cross-country comparative research would provide a clearer understanding of how cultural and regulatory differences shape the governance-audit nexus, particularly in underexplored regions such as Africa and the Middle East. Furthermore, employing mixed-methods approaches that integrate qualitative and quantitative analyses could provide a more nuanced understanding of these complex relationships.

CONCLUSION

This study underscores the significant influence of corporate governance on audit quality, identifying key elements such as board composition, audit committee effectiveness, auditor independence, and ownership structure as pivotal factors. Diverse and independent boards enhance objectivity and oversight, while active and skilled audit committees bolster financial monitoring. Auditor independence emerges as a cornerstone for unbiased reporting, and ownership structures, particularly in emerging markets, highlight the duality of governance challenges and opportunities. Despite these insights, notable research gaps persist, including limited exploration of specific industries, underrepresentation of certain emerging markets, and insufficient focus on interaction effects such as the moderating roles of firm size and cultural dynamics. These gaps underscore the need for further empirical and cross-country studies to provide a more nuanced understanding of the governance-audit nexus.

This review contributes uniquely to the literature by synthesizing recent studies and bridging theoretical frameworks like Agency and Signaling Theory with practical insights. It highlights how governance mechanisms not only mitigate agency conflicts but also signal organizational credibility to stakeholders. The findings offer actionable recommendations for policymakers to strengthen regulatory frameworks, such as mandating auditor independence and promoting board diversity. For practitioners, the results emphasize the importance of governance reforms to achieve high-quality audits. Looking forward, this study calls for more holistic research approaches, including longitudinal and mixed-methods studies, to address contextual nuances. Policymakers are urged to act decisively, leveraging these findings to enhance governance practices and foster trust in financial systems worldwide.

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