

Audit Quality and Auditor Industry Expertise: The Case of European Listed Companies

Abstract

This work aims to explore and analyze the relationship between the degree of specialization in the auditing industry and audit quality, based on a sample of listed European companies. Specifically, it seeks to understand whether auditors with greater industry specialization demonstrate a superior ability to delivering higher quality in audit work. The study is part of the academic debate on the determinants of audit quality, seeking to deepen the understanding of the role of auditor industry specialization in the European context, marked by high institutional and regulatory diversity. The relevance of this analysis stems from the central role of auditing in the credibility of financial information and in strengthening the confidence of investors and other stakeholders, making it particularly pertinent to understand how the auditor's sectoral specialization can contribute to higher audit quality in European capital markets. It is also an objective to describe the activities carried out during the curricular internship, in accordance with Article 10 of the Regulation on Registration, Internship and Professional Examination (RIEEP) of the Order of Certified Accountants (OCC).

From a methodological point of view, this work follows a positivist research paradigm, adopting a deductive approach in which the research hypothesis and the selection of variables derive from a review of the existing literature. The empirical analysis is based on the application of quantitative methods, with the aim of testing the relationship between audit industry expertise (explanatory variable) and audit quality (dependent variable). Secondary data are collected from the Audit Analytics and Orbis Europe databases, covering audit firms and their respective client companies. The sample covers a six-year time horizon, between 2020 and 2025, allowing for a longitudinal analysis and observation of the evolution of the relationship between the variables over time. The data obtained are processed and analyzed using the R statistical software to address the research objectives.

In theoretical terms, this study contributes to deepening the existing empirical evidence on the relationship between auditor specialization and audit quality in the European context, which is still relatively unexplored in the literature. In practical terms, the results may be relevant to regulators, audit firms, and users of financial information, providing insights about the importance of auditor sector expertise as a possible mechanism for strengthening audit quality. Additionally, the study may be relevant to client companies, supporting decision-making regarding the choice of audit firm.

Keywords: Accounting; Audit Quality; Expertise; Listed European Companies.