



Management Demography and Auditor Choice: The Case of China

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Abstract: We examine whether management demographic characteristics would influence the choice of auditor. Auditors play an important role in controlling management reporting discretion. By examining the impact of management demography on the effect of auditor quality, we provide insight on the implementation of monitoring mechanism of firms in China. Our findings show that the upper echelons influence corporate governance commitment through auditor choice.

JEL classification: G30, G32.

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1. Introduction

In this study, we employ strategic management concepts (upper echelons theory and resource-based view of the firm) to explain the possible relation between management demography and corporate governance. The upper echelons theory shows that top executives can influence corporate outcomes in terms of performance and strategies (Hambrick and Mason, 1984; Barker and Mueller, 2002). On the other hand, the resource-based view of firm stresses the significance of human resources to achieve organizational effectiveness (Hitt,