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Design and Explanation of the Audit Firm Merger Model under Iranian Environmental Conditions

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ABSTRACT

Over the past two decades, the Iranian audit market has experienced significant transformations, including privatization and mergers, which have substantially affected private audit firms. The merger phenomenon has reshaped the audit market structure and has driven small audit firms toward transformation into larger entities. The present study was conducted with the aim of designing a merger model for audit firms within the environmental conditions of Iran. The research adopted a qualitative approach based on grounded theory methodology. Data were collected through semi-structured interviews, and data analysis was carried out using the Strauss and Corbin grounded theory procedure and the paradigm model. Sampling was conducted through theoretical sampling using purposive (judgmental) and snowball (chain-referral) techniques, resulting in 16 interviews with university professors, accounting experts, and audit firm owners. The findings derived from interview data analysis through open, axial, and selective coding led to the development of an audit firm merger model grounded in theory, consisting of six main dimensions, 49 sub-dimensions, and 151 indicators.

Keywords: Merger, Audit Firms, Grounded Theory

Introduction

The transition toward renewable energy has emerged as one of the most significant structural transformations of the global economy in the twenty-first century. Increasing environmental pressures, climate change risks, and growing energy demand have compelled governments, investors, and international institutions to reconsider traditional fossil fuel–based development models and accelerate investment in renewable energy systems. Renewable energy investment is no longer viewed solely as an environmental necessity; rather, it represents a multidimensional economic, technological, and geopolitical strategy shaping sustainable growth trajectories worldwide. The global expansion of renewable energy deployment reflects a convergence of environmental sustainability objectives, economic diversification goals, and long-term energy security considerations (1, 2).

Renewable energy investments play a central role in reducing greenhouse gas emissions while supporting economic resilience and innovation-led development. International assessments indicate that financial flows toward

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renewable infrastructure have increased substantially as countries seek to achieve carbon neutrality and sustainable development targets. These investments stimulate technological innovation, create employment opportunities, and enhance national competitiveness within emerging green economies (1). Empirical studies demonstrate that renewable energy deployment is strongly influenced by financial accessibility, institutional stability, and policy frameworks designed to reduce investment uncertainty and enhance market attractiveness (2). Consequently, renewable energy investment has become a critical driver linking environmental policy with economic modernization.

The evolution of renewable energy systems cannot be separated from broader transformations in global energy governance and international relations. Energy transition processes influence geopolitical balances by reducing dependence on fossil fuel exporters and redistributing technological leadership among nations investing in clean energy innovation. The shift from fossil-based energy systems toward renewable alternatives contributes not only to emission reduction but also to restructuring international economic relations and strategic alliances (3). Countries investing heavily in renewable energy infrastructure are increasingly positioned as leaders in the emerging low-carbon global order, highlighting the strategic importance of renewable investment decisions.

From an innovation perspective, renewable energy technologies represent complex socio-technical systems requiring coordination between technological advancement, organizational adaptation, and policy support mechanisms. Early socio-technical theory emphasized that technological transformation succeeds when organizational structures, human resources, and technological systems evolve simultaneously (4). Renewable energy investment exemplifies this interaction, where technological feasibility alone is insufficient without supportive institutional arrangements and financing models. Innovation-focused energy policies accelerate technology diffusion and enable renewable systems to penetrate traditional energy markets (5). Such diffusion processes depend heavily on coordinated investment strategies that integrate economic incentives, regulatory frameworks, and technological learning curves.

Financial mechanisms constitute another fundamental dimension shaping renewable energy investment dynamics. Access to capital, risk management strategies, and financing structures significantly determine the viability of renewable projects. Studies on renewable energy financing emphasize the importance of diversified funding channels, including private investment, public subsidies, and blended finance approaches to support large-scale deployment (6). The growing integration of green finance instruments and government expenditures further strengthens sustainable development outcomes by aligning financial markets with environmental objectives (7). Investments in renewable energy therefore operate at the intersection of finance, environmental psychology, and policy design, illustrating the interdisciplinary nature of energy transition research.

Risk assessment has become a decisive factor influencing investment behavior in renewable energy markets. Investors must consider technological uncertainty, policy instability, market volatility, and long-term revenue risks when allocating capital to renewable projects. Research employing real options approaches demonstrates that economic risk evaluation significantly affects wind farm investments and renewable infrastructure planning (8). Similarly, recent analyses of energy transition dynamics reveal interconnected risks between fossil fuel markets and renewable energy systems, emphasizing the importance of understanding downside risks and systemic interdependencies within energy markets (9). These findings underline the necessity of evidence-based investment strategies capable of balancing financial returns with sustainability objectives.

Public–private cooperation has also emerged as a crucial mechanism facilitating renewable energy investment expansion. Collaborative investment arrangements enable governments and private actors to share risks, mobilize resources, and accelerate technological adoption. Evidence from emerging economies indicates that public–private partnerships significantly contribute to renewable energy growth, particularly when supported by political cooperation and stable institutional environments (10). Such partnerships enhance infrastructure development while encouraging innovation and market expansion, reinforcing the role of governance structures in shaping renewable energy investment outcomes.

At the operational level, renewable energy investment increasingly focuses on optimizing resource management and improving energy efficiency across sectors. Integrated resource strategic planning demonstrates how renewable energy adoption can enhance efficiency within power systems while reducing operational costs and environmental impacts (11). Sector-specific applications further illustrate this trend; for example, renewable energy management strategies in sports complexes and large facilities highlight the economic and environmental benefits of optimized energy systems (12). These examples show that renewable investment extends beyond national energy policy and influences organizational energy management practices.

Technological diversification within renewable energy systems has further expanded investment opportunities. Solar photovoltaic systems, wind energy installations, and biogas projects increasingly demonstrate techno-economic feasibility across different geographic contexts. Case studies assessing rooftop solar photovoltaic systems confirm that renewable technologies can provide adaptable pathways toward net-zero carbon transitions when evaluated through integrated techno-economic and environmental frameworks (13). Similarly, demand-driven investment models in agricultural biogas plants illustrate how renewable energy investments can simultaneously enhance energy security and economic sustainability in rural production systems (14). These developments highlight the growing maturity and scalability of renewable technologies as investment assets.

Beyond technological and financial considerations, behavioral and psychological dimensions also influence renewable energy investment and adoption. Environmental psychology research indicates that societal attitudes, awareness, and governmental spending patterns significantly shape sustainable development outcomes. Green finance initiatives combined with public environmental consciousness create favorable conditions for renewable energy expansion (7). Investment decisions are therefore embedded within broader social contexts where public perception, environmental responsibility, and policy legitimacy interact to shape energy transition trajectories.

The globalization of renewable energy investment further underscores the importance of cross-sectoral and interdisciplinary approaches. Sustainable financing models originally developed for sectors such as maritime tourism demonstrate how financial innovation can support environmentally responsible economic activities across diverse industries (15). Such approaches illustrate the transferability of sustainable investment frameworks and reinforce the necessity of integrating environmental, economic, and institutional perspectives in renewable energy research.

Given the rapid expansion of scientific literature addressing renewable energy investment, systematic synthesis and mapping of research trends have become increasingly essential. The growth of academic publications requires structured methodological frameworks capable of organizing knowledge and identifying emerging research frontiers. Reporting standards such as the PRISMA guidelines provide rigorous procedures for systematic reviews, ensuring transparency, replicability, and methodological consistency in scientific synthesis (16). Scientometric

approaches build upon these principles by enabling large-scale analysis of publication patterns, collaboration networks, and thematic evolution within research domains.

Recent empirical evidence emphasizes that renewable energy investment contributes not only to energy consumption transformation but also to environmental sustainability and human capital development. Studies examining oil-rich regions demonstrate that investment in renewable infrastructure, combined with human capital development, significantly enhances renewable energy consumption and environmental performance (17). Such findings highlight the strategic importance of investment policies that integrate infrastructure development, technological capacity building, and sustainability objectives.

Despite substantial progress, renewable energy investment research remains fragmented across disciplines including economics, environmental science, policy studies, and management. Scholars continue to debate the relative importance of financial incentives, technological innovation, institutional governance, and social acceptance in driving renewable deployment. The expanding complexity of energy transition processes requires comprehensive analytical frameworks capable of synthesizing diverse research perspectives and identifying dominant themes within the literature (2, 3). Scientometric analysis offers a powerful methodological tool for addressing this challenge by quantitatively mapping scientific production and revealing intellectual structures shaping the field.

Furthermore, understanding global research patterns provides valuable guidance for policymakers and investors seeking evidence-based decision-making tools. Identifying leading countries, influential journals, collaboration networks, and emerging research topics enables stakeholders to allocate resources more efficiently and anticipate future investment trends. As renewable energy markets evolve under conditions of technological innovation, climate urgency, and financial transformation, systematic knowledge mapping becomes indispensable for supporting sustainable policy design and strategic investment planning (1, 9).

In summary, renewable energy investment represents a critical nexus connecting environmental sustainability, technological innovation, financial systems, and global governance. The increasing volume of research in this domain reflects the growing recognition that energy transition requires coordinated action across economic, institutional, and societal dimensions. However, the rapid expansion of scholarly output necessitates comprehensive scientometric evaluation to clarify research trajectories, dominant themes, and knowledge gaps within the field. Accordingly, the aim of this study is to conduct a scientometric analysis of renewable energy investment research in order to identify major research patterns, thematic trends, and intellectual structures shaping this evolving field.

Methods and Materials

In terms of nature, this study is classified as basic research aimed at achieving deep understanding and developing new theoretical perspectives within the field under investigation. From a methodological standpoint, the research follows a qualitative approach and examines individuals' experiences and perspectives through semi-structured interviews. The research philosophy is interpretivist, meaning that the researcher seeks to understand and interpret the meanings individuals attribute to their lived experiences. The research strategy is systematic grounded theory, through which the researcher develops theory by collecting and analyzing qualitative data. The research approach is inductive, moving from specific observations and empirical evidence toward broader theoretical generalizations. The primary objective of the study is exploratory, focusing on the discovery of new concepts; therefore, the research adopts a cross-sectional time horizon. The selection of this methodological

approach is justified by the nature of the research question, which requires an in-depth understanding of participants' experiences and viewpoints. Grounded theory serves as a powerful methodological tool for researchers seeking deeper insight into social phenomena through engagement with participants' real-life experiences and reflective interpretation. Such methods enable researchers to uncover previously unexplored aspects or to achieve deeper understanding of known phenomena. Ultimately, the choice of research method depends on the fundamental objective of the study, and researchers can more effectively address research questions through appropriate methodological selection.

The statistical population of the study consisted of university faculty members, accounting experts, and owners of audit firms. Consistent with the grounded theory research strategy, sampling was conducted using theoretical sampling supported by purposive and snowball sampling techniques. In this approach, sample size is determined dynamically, and sampling continues until data saturation is achieved. In the present study, interviews were conducted with 16 participants. After the fourteenth interview, no new concepts emerged; nevertheless, two additional interviews were conducted to ensure theoretical saturation. The findings from these interviews led to revisions in the initial research questions. Accordingly, interview themes and related questions were progressively refined and improved based on feedback obtained from earlier interviews. Snowball sampling was employed to identify additional participants, and open, axial, and selective coding procedures were applied to clearly establish the evidentiary basis and credibility of the research findings.

Findings and Results

The demographic characteristics of the sample members are presented in Table 1.

Table 1. Demographic Characteristics

Gender	Education	Occupation	Work Experience (Years)	Gender	Education	Occupation	Work Experience (Years)
Male	PhD	Faculty Member	13	Male	Master's	Firm Owner	15
Male	PhD	Faculty Member	10	Male	PhD	Faculty Member	10
Female	PhD	Faculty Member	12	Male	PhD	Faculty Member	22
Male	Master's	Firm Owner	16	Male	PhD	Faculty Member	3
Male	PhD	Faculty Member	10	Male	PhD	Faculty Member	17
Male	Master's	Firm Owner	19	Male	PhD	Firm Owner	21
Male	PhD	Faculty Member	9	Female	PhD	Faculty Member	6
Male	PhD	Faculty Member	15	Male	PhD	Faculty Member	4

Within grounded theory methodology, data analysis consists of three fundamental stages. First, open coding involves generating concepts and categorizing data into different conceptual groups. Second, axial coding identifies core categories and their related elements, including causal conditions, intervening factors, contextual conditions, strategies, and consequences. Finally, selective coding leads to theory development by identifying key categories and clarifying relationships among them. These stages form a systematic process through which raw data are transformed into coherent concepts and theoretical explanations.

During the interview analysis process, the researcher initially extracted and coded key and significant statements. This preliminary coding involved categorizing and organizing primary information. In the subsequent analytical phase, the researcher identified similar concepts and assigned related codes to specific conceptual categories. In the next stage, referred to as open coding, the researcher carefully examined the dataset to uncover deeper conceptual meanings. At this stage, concepts were named and categorized without prior restrictions in order to achieve a more comprehensive understanding of the data. Approximately 239 quotations were extracted from the interviews, and selected examples of these quotations are presented in Table 2.

Table 2. Sample Extracted Interview Quotations

Relevant Quotation	Final Code
In my opinion, the primary consequence of a merger can be reflected in shared profitability functions.	Improving profitability through shared resources and processes
An integration feasibility plan for combining and consolidating resources should be developed.	Integration planning
I believe performance indicators should play a strategic role in the merger process.	Key Performance Indicators (KPI)
Strengthening market position during economic recession or utilizing growth opportunities is a convincing reason for accelerating merger direction.	Economic environment

Based on this procedure, coding was conducted for all categories and components. The objective of open coding is to decompose the collected dataset into the smallest possible conceptual units for systematic analysis.

Table 3. Paradigm Model: Categories, Concepts, and Identified Codes of Audit Firm Mergers

Main Category	Dimension	Concept	Final Codes
Causal Conditions	Market Demand	Demand for audit services	Increasing demand for audit services; professional changes; maintaining market position
	Technological Factors	Technological development	Technological advances; need for investment in new technologies; digital transformation; enhancement of technological capabilities; data analytics, cybersecurity, and automation
	Regulatory Factors	Regulatory environment	Regulatory changes; strengthening governance and risk management practices; compliance with new requirements; resource consolidation for compliance; intensified regulatory oversight; changes in governing regulations
	Cost Efficiency	Operational efficiency	Reduction of operating costs; profitability improvement; economies of scale
	Competitive Factors	Market competition	Market competition; market positioning and client base; talent acquisition; attraction and retention of skilled professionals
	Cultural Factors	Cultural compatibility	Cultural alignment; alignment of leadership vision and strategy; successful post-merger integration; development of a unified collaborative culture
	Financial Stability	Financial consolidation	Operational stabilization; resource provision; financial challenges
	External Pressures	External expectations	Client expectations; preference for firms offering broader service portfolios; globalization
	Strategic Factors	Strategic growth objectives	Development goals; strong market reputation; expansion into new geographic segments; market and client expansion; brand credibility; brand strengthening; consulting and non-traditional audit services; service diversification
Contextual Conditions	Economic Environment	Economic context	Economic growth or recession; strengthening market position during downturns or exploiting growth opportunities
	Industry Trends	Audit industry evolution	Changes in the audit industry; transition toward integrated service offerings
	Financial Health	Organizational performance	Financial performance; operational stabilization and profitability improvement
	Collective Wisdom	Organizational cognition	Collective intelligence; dominant organizational mindset
	Client Base & Relationships	Market relationships	Client overlap; strategic partnerships
	Governance Structure	Organizational governance	Management style; organizational vision

Intervening Conditions	Due Diligence Process	Evaluation quality	Completeness of evaluation; depth and accuracy of review; comprehensive financial health assessment; evaluation of client contracts and operational capabilities
	Regulatory Approvals	Legal compliance	Antitrust considerations; regulatory review regarding competition law; compliance with professional standards
	Interaction Weaknesses	Organizational interaction	Conflicting characteristics and preferences; unwillingness for effective collaboration
	Conflicting Objectives	Strategic misalignment	Goal conflicts; group conflicts; differing perceptions
	Financial Performance Criteria	Financial considerations	Monitoring financial performance before, during, and after merger; realization of expected synergies; resource allocation
	Stakeholder Participation	Communication strategies	Effective stakeholder communication; acquisition management; leadership and stakeholder support ensuring alignment with objectives
	Integration Planning	Integration strategy	Managing overlaps and redundancies; combining resources; development of integration plans; change management
	Environmental Uncertainty	Environmental volatility	Environmental instability; insufficient forecasting expertise; decision-maker quality
	Market Reactions	Market response	Client retention strategies; competitor responses; client reactions to merger
	Cultural Assessment	Cultural compatibility	Evaluation of organizational culture and values
	Technology Integration	IT compatibility	Compatibility of IT systems; cybersecurity measures; integration of accounting and data management technologies
Strategies	Strategic Alignment	Strategic coordination	Goal definition; alignment of values, ethics, and operational styles
	Brand Strengthening	Branding strategy	Reputation enhancement; cross-promotion; leveraging the credibility of both firms
	Risk Management	Risk mitigation	Client base diversification; expanded client portfolio; improved compliance
	Operational Planning	Implementation planning	Clear financial and growth objectives; integration roadmap; Key Performance Indicators (KPI)
	Financial Review	Financial analysis	Financial and operational evaluation; assessment of profitability and liabilities; identification of strengths and weaknesses
	Human Resource Management	Talent management	Talent retention strategies; training and development; coaching
	Crisis Management Planning	Communication management	Open communication; addressing merger challenges; communication channels; expectation management
	Cultural Integration	Organizational integration	Cultural fit assessment; change management strategies; team integration and goal alignment
Consequences	Geographic Diversification	Market expansion	Expansion into new markets; industry specialization; reduced dependence on local economies; attraction of new clients
	Economies of Scale	Cost advantages	Cost efficiency; profitability improvement through shared resources and processes; overhead reduction; operational simplification
	Service Diversification	Service development	Complementary services; improvement of audit quality and efficiency
	Innovation	Knowledge diversity	Diverse perspectives fostering innovation
	Resource Optimization	Resource sharing	Shared resources; cost reduction; improved service delivery; integration of technology, staff, and facilities; diverse skills and expertise; talent acquisition
	Access to New Technologies	Technological advancement	Integration of advanced tools; enhanced data analytics capabilities
	Industry Influence	Professional impact	Stronger influence in industry discussions, policymaking, and standard-setting; shaping the audit profession
	Networking	Collaborative culture	Collaborative organizational culture; multidisciplinary professionals; knowledge sharing; innovative solutions
	Customer Trust	Reputation outcomes	Increased credibility and client trust; enhanced capability to address complex audit needs
	Standardized Processes	Process improvement	Consistency and quality in audits; standardized procedures and methodologies
	Long-Term Sustainability	Organizational sustainability	Long-term growth positioning; reduced operational adjustments; diversification of revenue streams

Table 3 presents the paradigm model derived from grounded theory analysis, synthesizing all identified categories, concepts, and final codes related to audit firm mergers within the Iranian environmental context. The findings demonstrate that causal conditions such as market demand, technological transformation, regulatory pressures, cost efficiency, competitive dynamics, cultural compatibility, financial stability, external expectations, and strategic growth objectives constitute the primary drivers motivating audit firm mergers. These drivers reflect both structural pressures within the auditing profession and broader environmental changes, particularly digital transformation, globalization, and increasing regulatory complexity.

The contextual conditions illustrate the situational environment in which mergers occur, including economic cycles, evolving industry trends toward integrated professional services, organizational financial health, collective managerial cognition, client relationships, and governance structures. These contextual elements shape managerial decision-making and determine whether merger opportunities are perceived as defensive responses or proactive strategic initiatives.

The analysis further identifies intervening conditions that either facilitate or hinder merger implementation. These include the rigor of due diligence processes, regulatory approvals, organizational interaction quality, conflicting strategic objectives, financial monitoring mechanisms, stakeholder engagement, integration planning, environmental uncertainty, market reactions, cultural assessment, and technological compatibility. Together, these elements function as moderating mechanisms influencing the success or failure of merger execution.

Based on these conditions, organizations adopt a set of strategies encompassing strategic alignment, brand strengthening, risk management, operational planning, financial evaluation, human resource management, crisis communication planning, and cultural integration. These strategic responses demonstrate that successful mergers extend beyond financial consolidation and require coordinated managerial, cultural, technological, and communicational interventions.

Finally, the consequences of audit firm mergers emerge in the form of geographic expansion, economies of scale, service diversification, innovation capacity, resource optimization, access to advanced technologies, enhanced industry influence, professional networking, increased client trust, standardized operational processes, and long-term organizational sustainability. Collectively, these outcomes indicate that mergers serve not only as survival mechanisms but also as strategic pathways toward competitive advantage, professional modernization, and sustainable growth within the evolving audit market ecosystem.

To assess the content validity of the proposed model, two indices—Content Validity Ratio (CVR) and Content Validity Index (CVI)—were employed using evaluations provided by academic experts who had also participated in the model development process. For the CVR assessment, experts were asked to evaluate the necessity of each concept, whereas the CVI measured the degree of relevance between the final codes and their associated concepts and main categories. The CVR was calculated using the formula $CVR = (ne - N/2)/(N/2)$, where *ne* represents the number of experts who identified an item as essential and *N* denotes the total number of experts. The results indicated that all CVR values exceeded 0.71, confirming satisfactory content validity across all dimensions of the model. The CVI was computed as the proportion of experts assigning ratings of 3 or 4 to each item divided by the total number of experts, with 0.79 considered the minimum acceptable threshold; items scoring below this value were to be eliminated. All indicators associated with the model dimensions achieved CVI values higher than 0.82, demonstrating strong content relevance. To evaluate model reliability, Cohen's Kappa coefficient was applied. Following methodological recommendations, both the principal researcher and an independent researcher

conducted selective coding independently. The final codes and related data were provided to the second researcher for recoding, and agreement between coders was analyzed using SPSS version 21. The results showed a Kappa coefficient of 0.676 (Approx. T = 6.416, Std. Error = 0.119, $p < .001$), indicating substantial inter-coder agreement. Given the statistically significant result and agreement level exceeding 60%, the model can be considered to possess acceptable reliability.

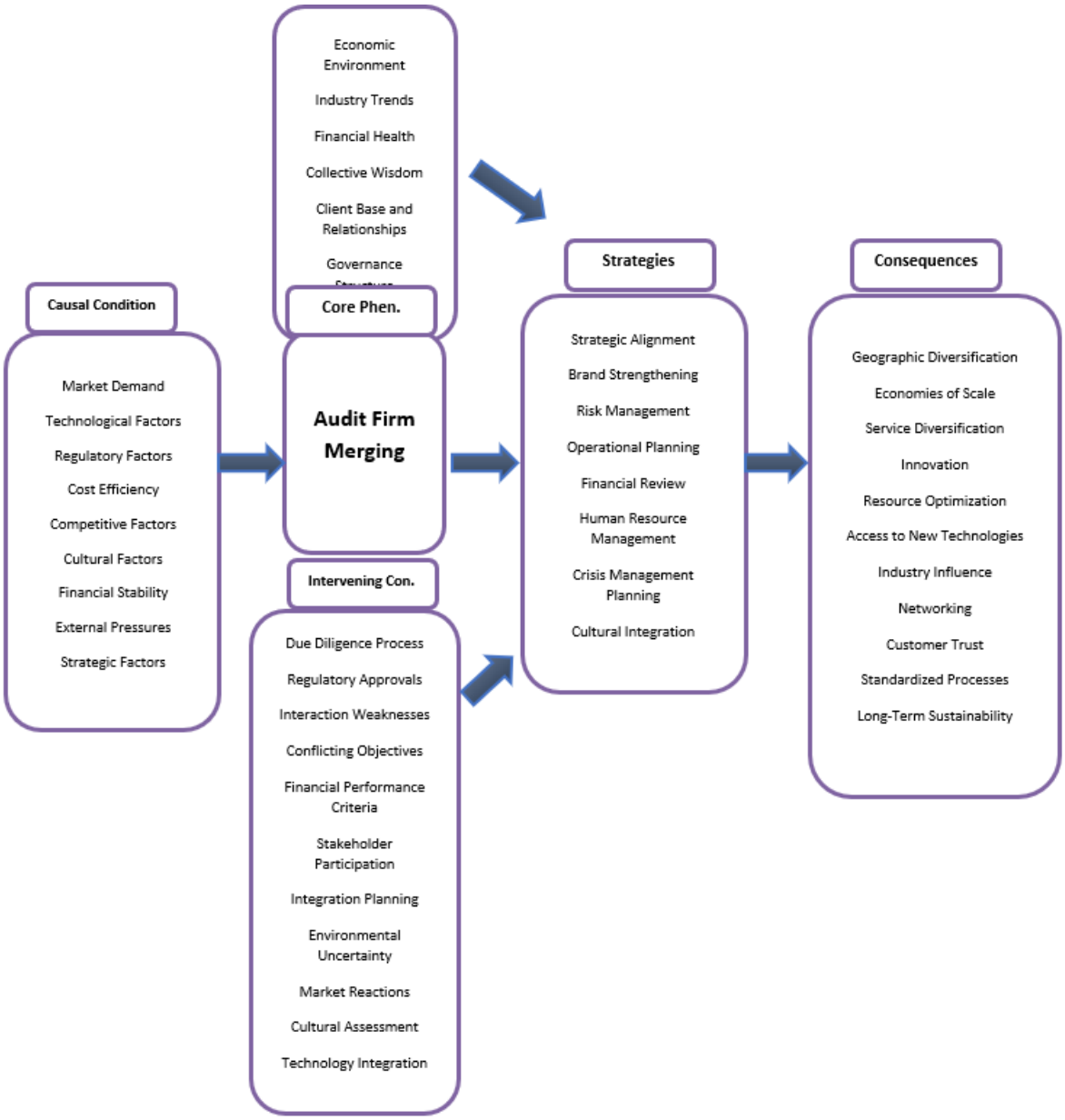

Figure 1. Final Model of the Study

Discussion and Conclusion

The findings of this study provide a comprehensive explanation of audit firm mergers within the Iranian environmental context by identifying causal conditions, contextual factors, intervening mechanisms, strategic responses, and organizational consequences. The grounded theory model developed in this research demonstrates that audit firm mergers are multidimensional organizational transformations shaped by interactions among market

pressures, institutional structures, technological change, and strategic managerial choices. The results indicate that merger decisions are not driven solely by financial motivations but rather emerge from an integrated combination of environmental necessity, professional evolution, and long-term sustainability considerations. These findings align with contemporary perspectives suggesting that mergers in professional service industries represent adaptive responses to structural change rather than opportunistic consolidation activities (18, 19).

The analysis revealed that causal conditions, particularly market demand, technological development, regulatory pressures, and competitive dynamics, constitute the primary drivers of audit firm mergers. Participants emphasized increasing demand for diversified audit and advisory services, which requires firms to expand capabilities beyond traditional auditing. This outcome corresponds with evidence showing that audit market consolidation often results from heightened competition and strategic positioning pressures within professional service markets (20, 21). The importance of technological transformation identified in the present study is also consistent with research highlighting the growing integration of data analytics, cybersecurity, and digital audit tools that compel firms to pool technological resources through mergers (22).

Regulatory and governance factors emerged as equally influential causal drivers. The findings suggest that stricter oversight, evolving professional standards, and risk management requirements encourage smaller audit firms to integrate resources in order to maintain compliance capacity. Previous research has similarly demonstrated that regulatory complexity and harmonization of accounting standards significantly influence merger decisions and professional restructuring processes (23, 24). Furthermore, the identified emphasis on governance strengthening corresponds with studies showing that improved internal control systems and audit committee expertise play central roles in successful merger outcomes (25).

The results also underscore the role of knowledge transfer and professional capability enhancement as fundamental motivations for mergers. Participants highlighted access to expertise, industry specialization, and professional learning as major incentives. This observation supports empirical findings demonstrating that audit firm mergers facilitate industry-specific knowledge transfer and improve audit performance through shared experience and technical competence (26). Consistent with evidence from small audit firm mergers in developed markets, the present study indicates that consolidation enhances organizational learning and contributes to improvements in audit quality and methodological consistency (27, 28).

Regarding contextual conditions, the study shows that economic volatility, industry evolution, financial health considerations, and governance structures significantly shape merger trajectories. The Iranian audit environment, characterized by economic fluctuations and market uncertainty, encourages firms to pursue mergers as stabilization strategies. These findings align with research demonstrating that mergers often function as mechanisms for improving accounting performance, reducing operational risk, and strengthening financial resilience during uncertain economic conditions (29). Moreover, the identified shift toward integrated professional services reflects broader international trends in business combinations and professional service convergence (30).

Another important contextual element emerging from the findings concerns organizational cognition and collective managerial understanding. The model indicates that shared strategic vision and managerial mindset influence merger feasibility and integration success. This insight resonates with research emphasizing the importance of organizational alignment and leadership coordination in merger processes, particularly within knowledge-based professional organizations where human capital represents the primary competitive asset (31).

The study further identified intervening conditions that moderate merger implementation outcomes. These include due diligence quality, stakeholder participation, cultural compatibility, technological integration, and environmental uncertainty. Participants emphasized the necessity of comprehensive evaluation processes before integration, a finding consistent with evidence demonstrating that due diligence auditor selection significantly affects merger success and post-integration performance (32). Similarly, the importance of monitoring financial performance throughout merger stages supports findings indicating that common auditors and structured oversight mechanisms enhance financial reporting quality after acquisitions (33).

Cultural alignment emerged as one of the most critical intervening variables. The results indicate that differences in organizational culture, leadership style, and professional identity may hinder collaboration even when economic incentives are strong. Prior literature confirms that reputation, brand identity, and organizational culture strongly influence stakeholder perceptions and long-term merger performance outcomes (34). In addition, environmental uncertainty and market reactions identified in the present study reinforce earlier findings suggesting that audit market consolidation occurs within dynamic institutional environments requiring adaptive strategic responses (35).

The findings also illuminate the strategic actions adopted by firms to manage merger processes effectively. Strategic alignment, operational planning, brand strengthening, risk diversification, human resource development, and cultural integration were identified as key managerial responses. These results correspond with research indicating that audit firm mergers represent proactive strategic repositioning efforts designed to expand client portfolios and reinforce competitive advantage (21). The emphasis on brand reputation and credibility enhancement aligns with studies demonstrating that mergers reshape brand value and influence market perceptions of professional service quality (34).

Human resource management strategies identified in the model—including talent retention, training, and coaching—highlight the centrality of intellectual capital in audit firm integration. Knowledge-intensive organizations depend heavily on employee expertise; therefore, merger success relies on effective management of professional talent and organizational learning processes. This outcome is consistent with evidence that industry-specific knowledge transfer and collaborative learning mechanisms enhance post-merger performance and audit effectiveness (26).

The consequences identified in the model demonstrate that audit firm mergers generate multidimensional organizational outcomes. Participants reported geographic expansion, service diversification, economies of scale, technological advancement, innovation capability, enhanced industry influence, and strengthened client trust. These outcomes closely mirror international findings showing that audit market consolidation improves efficiency, expands service scope, and enhances professional influence within regulatory and policymaking environments (35). Improvements in operational efficiency and profitability observed in the study also align with evidence linking mergers to enhanced accounting-based performance indicators (29).

Importantly, the results highlight long-term sustainability as a major consequence of mergers. The integration of resources, diversification of revenue streams, and strengthening of organizational networks collectively contribute to resilient professional ecosystems. This observation supports sustainability-oriented management perspectives emphasizing symbiotic resource flows and collaborative organizational development as foundations for long-term value creation (36). The emergence of innovation and networking outcomes further indicates that mergers foster collaborative professional cultures capable of generating new solutions and expanding industry knowledge boundaries.

Overall, the discussion demonstrates that audit firm mergers in Iran should be understood as systemic organizational transformations shaped by environmental pressures, institutional constraints, technological change, and strategic agency. The grounded theory model extends prior research by integrating diverse explanatory perspectives—market competition, governance structures, technological transformation, knowledge transfer, and sustainability—into a unified framework. While previous studies have examined isolated aspects such as audit quality, financial performance, or regulatory influence, the present model provides a holistic explanation linking antecedents, processes, strategies, and outcomes within a single analytical structure. In doing so, the study contributes to the literature by contextualizing global merger theories within an emerging professional environment and offering an empirically grounded framework capable of guiding both academic inquiry and managerial decision-making.

One limitation of the study relates to the qualitative nature of the research design, which emphasizes depth of understanding rather than statistical generalizability. Although theoretical saturation was achieved, the sample size was limited to experts, academic scholars, and audit firm owners, which may restrict representation of other stakeholders such as regulators, clients, and professional associations. Additionally, the findings are shaped by the specific institutional and economic context under investigation, and therefore the transferability of results to other countries or professional environments should be approached cautiously. Another limitation concerns reliance on self-reported experiences, which may introduce interpretive bias or retrospective rationalization by participants.

Future studies may expand the proposed model through quantitative validation using structural equation modeling or mixed-methods designs to test relationships among identified dimensions. Comparative cross-country studies could examine whether similar merger mechanisms operate in different regulatory or economic systems. Longitudinal research tracking audit firms before and after mergers would provide deeper insight into performance trajectories and organizational adaptation over time. Further investigation into technological integration, artificial intelligence adoption, and digital audit transformation may also enrich understanding of emerging drivers of consolidation within the auditing profession.

From a practical perspective, audit firm managers should approach mergers as strategic transformation projects rather than purely financial transactions. Successful integration requires early attention to cultural alignment, transparent communication with stakeholders, and structured integration planning supported by measurable performance indicators. Firms should prioritize investment in technological infrastructure, professional training, and collaborative organizational culture to maximize merger benefits. Policymakers and professional regulators may also facilitate effective consolidation by providing clear regulatory guidance and encouraging knowledge sharing within the auditing ecosystem, thereby supporting sustainable development and enhanced professional quality in the audit market.

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Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adheried in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

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