



Impact of Auditors' Independence on Financial Reporting Quality: Evidence from Nigerian Listed Companies

Shamsuddeen Shehu Saeed¹, Yahaya Hassanat Idris¹ & Hauwa Shehu Ibrahim²

¹Accountancy Department, Kaduna Polytechnic,

²College of Business and Management, Kaduna polytechnic, Kaduna

Corresponding Author's Email:saeedkakaki@gmail.com

Abstract

This study examines the relationship between external auditor independence and financial reporting quality in Nigerian listed companies. Specifically, it investigates the influence of auditor tenure, audit fees, and auditor status on financial reporting quality, while considering control variables such as firm size and leverage. Furthermore, it explores the moderating effect of audit committee financial expertise on this relationship. The study utilizes a sample of Nigerian listed companies and employs quantitative analysis to test the hypotheses. The findings showed auditor tenure and auditor status has a significant and positive relation with financial reporting quality. However, the study fails to find any significant relationship between audit fees and financial reporting quality. When tested the moderating effect the result indicates that audit financial expertise moderate the relationship between auditor tenure, auditor status and financial reporting quality. The findings contribute to the existing literature on corporate governance and financial reporting quality in emerging markets, providing valuable insights for regulators, practitioners, and academics.

Keywords: Auditor, Financial report, Quality, Tenure and Audit fees

Introduction

Financial Report Quality has become an exciting area that gained a lot of discussion among accounting professionals, accounting practitioners, and accounting standards regulators. The corporate collapses and financial scandals of the early 2000s and 2021s both internally and externally for example, Bank PHB plc, Savanah Bank plc, Intercontinental Bank plc. Diamond Bank plc., Wema Bank .,Cadbury Nigerian plc., First Monument City Bank., African Petroleum (now Forte Oil plc.), WorldCom, Bond Corporation, HIH Insurance, Arthur Anderson, Bank of Credit and Commerce International (BCCI), Lehman Brothers Transmile Group Berhad and the Global Financial Crises during 2008-2009 clearly demonstrated the importance of FRQ as well as recognized as the root of these scandals (Shamsuddeen, S.S et al 2020). Although, financial reporting is the portrait of the financial status of the activities conducted by companies (Yosep, 2016).

At the climax of the 20 and 21st century, a sequence of corporate collapses and accounting scandals around the world. Examples include Bond Corporation, WorldCom, Enron, Transmile Group Berhad, Balsam, Shenzhen Yuanye, Bank of Credit and Commerce International, Arthur Anderson, and Lehman Brothers. At the centre of these corporate collapses and accounting scandals were usually the occurrence FRQ (Johl, Subramaniam, & Cooper, 2013). Following



these crises, FRQ has received significant attention among regulators, practitioners, and accounting literature. It has been indicated that FRQ provides accurate financial results and position of businesses and presented information that the owners of the company ought to know.

In Nigeria, studies have shown that FRQ has become an essential issue following a series of criticisms from various stakeholders who have interest in financial reporting (Aroloye, 2016; Dabor & Tijjani, 2010; Hassan, 2013; Kantudu & Samaila, 2015; ROSC, 2011; Sanusi, 2012; Ugwu, 2016, Shamsuddeen, S.S 2021) indicated inadequacies in the Nigerian financial reporting system. ROSC (2011) stated that several Nigerian banks exploited the loopholes in the inadequacy of regulatory authorities to employ creative accounting to build-up their financial position. These inadequacies are partly responsible for the Nigerian financial crisis, given the extent of the crisis to about N1.5 to N2 trillion. Companies have gone into bankruptcy and liquidation for reasons of inefficiency or non-existence of a sound system of CG (Adeyemi & Dabor, 2012).

There was also the case of African Petroleum (now Forte plc.), where N24 billion (USD 66.66) million credit facility was not disclose in the financial statement (Kantudu & Samaila, 2015). Furthermore, Iyoha, (2011) in a survey conducted on various stakeholders in the financial reporting circle in Nigeria reported support for the existence of distortion in financial reports to minimize the tax burden, and cover-up anticipated losses, influence outcome of new equities, raise cash flow from operations, influence share prices, mislead stakeholders and obtain bank loans with more favourable terms all of which resulted in weak financial reporting.

Similarly, Hassan, (2014) indicated that financial information quality remains weak in Nigeria compared to other developed and developing countries, which obstructs the growth of efficient equity market in Nigeria. These poor standards of CG had contributed to a boom and bust in the corporate sector in Nigeria which resulted in several accounting scandals and the collapse of so many companies since the mid-1990s, ranging from distressed bank crunch and through the misrepresentation of financial reports by directors of Cadbury Nigerian plc. Revelations from the Nigerian banking and insurance sectors confirmed that Intercontinental Bank, Oceanic Bank, Bank PHB, and Lion of Africa Insurance have recently crumbled on the back of CG questions. Executive management and the board of these institutions were alleged to be reckless with investor's funds, neglecting due process, and taking biased decisions on conducts that negate the principles of CG (Sanusi, 2012).

Additionally, in May 2016, NEG delisted eight companies from its daily official list of the exchange for persistent failure to meet best CG practices, which resulted in the capital flight of more than N33billion from the market (Aroloye, 2016). Furthermore, as a result of poor CG in the banking sector, the Nigerian Deposit Insurance Corporation (NDIC) liquidated 14 banks in January 2007 in line with the Central Bank of Nigeria (CBN) guidelines and many more were rescued by injecting N4billion as a bailout to affected banks (Ezeoha, 2011).



Ugwu, (2016) reported that several companies were sanctioned for their inability to meet regulatory requirements emphasizing that quoted companies had been violating relevant obligations, thereby keeping investors in the dark about their financial health all due to lack adherence to the principles of CG. Egwuata, Nnorom, & Adegbesan, (2018) reported that according to Rule 3.1 for filing of accounts, the NSE barred six quoted companies from trading their shares in the exchange because of their inability to file meaningful reports of their accounts. Bello, (2019)B indicated that regardless of free entry and exit for companies quoted on NEG 101 companies left the market from 2002 to January 2019 for their failure to accede to the listing rules specifically in the areas of accurate and timely submission of financial and operational accounts and other related issues on CG.

These findings highlighted that FRQ in Nigeria listed companies is weak and faced several drawbacks. This was due to the problems related to CG issues (Sanusi, 2012; Ugwu, 2016). FRQ improved capital market efficiency and decreases state of suspense for investors and creditors, lessen information asymmetry resulting from adverse selection problems FRQ tends to vary among countries and companies levels, depending on the regulatory framework put in place (Q. Tang, Chen, & Lin, 2016; Zheng & Chen, 2017). Which as a result several studies have suggested for further research in this area at both countries and company levels from both developed and developing countries especially where there are CG changes to assess the effectiveness of such changes. Tang *et al.* (2016) suggest the need for more study on FRQ, particularly from the emerging market. Lin and Hwang (2010) suggested future studies to re-test governance quality in the post- regulatory setting. Therefore, is recommended more studies on FRQ following new regulations on CG changes.

Effective CG and FRQ have become an essential area in accounting literature (Harymawan & Nurillah, 2017; Howard, Maroun, & Garnett, 2019; Makarem, Hussainey, & Zalata, 2018). In particular, the influence of independent external auditor on FRQ (Salehi, Ziba, & Daemi Gah, 2018). The external auditor stipulations for financial reporting have been set up by several international bodies (SOX, 2002; NN Group, 2022, ING Group 2022). Audit Effectiveness Panel (2000) highlighted the critical function of external auditor in improving FRQ. The Financial Accounting Standards Board (FASB) acknowledged that external auditor is essential in the financial reporting cycle. Likewise, CG advocates regularly highlighted the significance of external auditor role in improving FRQ.

In 31st March 2022 punch newspaper reported that “four Banks lost about 1.77bn to fraud in 2021. The report say four Nigerian Deposit Money banks lost a total of N1.77bn to fraudulent activities involving the banks employee and consumers in 2021”. There were also contained in the 2021 financial statement of the banks. These banks are Access Bank plc, Guaranty Trust Bank plc, Fist Monument City Bank and Wema Bank. Therefore, according to their financial statements, Wema and GTB incurred the biggest lose as a result of fraud within the period under



review and they lost almost N670.73 and N511.9m respectively.

In the case of Wema bank, the total cost of fraud rose by N27.46m on year by year as a result of loss incurred in 2020 was N643.277 and while for GTB losses were almost tripped in 2021 as at N511.9m and also lead the bank incurred losses which rose N337.5m from N174.40m in 2020.

In case of Access bank, it revealed that the bank lost N502m to fraud in only 2021 and also lost N1.98bn to third parties and also the bank recorded a total of 17,697 cases of fraud

Literature Review

Concept of Financial Reporting Quality

Financial reporting aims to present high-quality financial information regarding the economic events of a company that are beneficial to policymakers in a form useful for decision-making (IASB, 2010). FRQ is the accuracy with which financial reports disseminate information regarding company's activities. Furthermore, Shamsuddeen, S.Saeed et al (2021) stated that FRQ is perfect, accurate, and complete when financial information dispersed is not intended to give an erroneous impression to users. They further added that assessing quality financial reporting focuses on two major approaches, that is, user needs or desires and shareholders or investors protection. User needs/desires revolve around valuation-related matters, while shareholders or investor's protection centres on CG and stewardship connected issues." Jonas et al (2023) explained that, there are two main techniques that are used to evaluate FRQ. The first technique focuses on the owner's protection. This approach described financial reporting as reliable and accurate if financial reports prepared is not intended to give the wrong impression or misinform the user. This is in line with the principles of the Nigerian Exchange Group (NEG), which has the obligatory duty to ensure a transparent, fair and orderly environment for investor protection.

Auditor's independence and Financial Reporting Quality

In Nigeria, audit practice is primarily governed by legislations such as Financial Reporting Council of Nigeria Act Cap. A15 Laws of the Federation (LFN), 2011 (FRCN Act), Companies and Allied Matters Act Cap. C20, LFN, 2004 (CAMA). There are also accounting guidelines and CCGs such as: International Federation of Accountants Code of Ethics (IFAC), International Standards of Auditing (ISA), International Financial Reporting Standards (IFRS), FRCN Code of CCG 2018, Securities and Exchange Commission CCG for Public Companies 2011 Central Bank of Nigeria CCG for Banks and Discount Houses in Nigeria 2014 National Insurance Commission Nigerian CCG for the Insurance Industry 2009. Pursuant to the foregoing, relevant and varied regulatory oversight is respectively exercised by Corporate Affairs Commission (CAC).

Auditor's independence is a very important element in guaranteeing sound financial reporting of corporate entities. Auditors have a duty to verify the existence of any error or fraud in the



financial statements of a company that could be materially misleading. Thus, their independence is essential in achieving a credible audit profile that is true and fair. This in turn helps to boost investor's confidence; supports shares value in the capital market and attracts foreign investments. Preparations of financial statements are one of the many ways directors are accountable to the shareholders, because it gives a breakdown of the company's operating performance during the year. As a result, creditors, investors and other stakeholders rely on the audit opinion of the financial statement, in making investment decisions. The sensitivity of the role requires that the independence of the auditor is non-negotiable.

Audit Committee and Auditor Independence

The Audit Committee forms a sub-committee of the full board and it is the conduit between the full board, internal auditor, external auditor, executive officers and finance directors. This stresses the importance of the committee's effectiveness; such effectiveness has been defined in various ways for different situations. Among the prominent definitions, Kalbers and Fogarty (1993) referred to it as the competency with which the AC conducts its responsibilities of oversight and Rittenberg and Nair (1993) described an effective AC as a committee that achieves its responsibilities. As evident from the above definitions, an effective AC is one that effectively performs its roles and responsibilities and ultimately adds value to board of directors and the firm. In fact, the AC is a part of the board committee that implements the guidelines of CG.

A particular aspect that has attracted immense concern is the companies' relationship with their external auditor. There were suggestions that use of AC whose composition will be limited to non-executive directors in order to make sure that the external audit process is dealt with in an objective and effective manner. More importantly, the AC is primarily responsible to protect the external auditor's independence as evidenced by prior studies (e.g Albring *et al.*, 2014) and in turn, an effective independent AC is viewed as one of the determining factors of the quality of audit.

Added to this, owing to the AC role in CG, the committees are capable of ensuring the credibility of the processed financial reports through their oversight and conduit role between management and auditors, both external and internal. In a related study, Beasley *et al.* (2000) reported that AC that lack the resources of oversight, such as inaccessibility to internal and external auditors, in firms, there is a greater possibility that fraud exists in such firms. Furthermore, AC may mitigate the agency problem between the firm and external shareholders through their monitoring of the process of financial reporting. On the basis of the agency theory, the AC is responsible for monitoring and overseeing that the financial reporting has integrity and to this end, Klein (2002) stressed that the AC's role is to stop irregularities and fraud from being included in the accounting statements.

In the present study, the researchers' focus is directed towards the role of AC members with financial expertise in moderating the relationship between auditor Independence and FRQ based



on two reasons; first, several authors, regulators and professional entities have pinpointed that the primary responsibilities of the AC is to select and nominate external auditors and to protect their independence; for instance, the Nigerian Cooperate Governances 2018 established that AC is responsible for the nomination of external auditors and the determination of the audit function in terms of its scope and fees. Additionally, it established that the AC recommendations concerning the external auditors' engagement should be stressed on in the process of selection.

Firm Size

Francis and Wilson (1988) Firth and Smith (1992), and Abbott and Parker (2000) hypothesize a positive association between firm size and selection of higher quality audit firms since they perceive size as a crucial indicator of the extent of clients' agency costs. Citron and Manalis (2000) find that size is positively related with selection of Big- Six audit firms at 10 percent significance level in Greece. Besides, larger firms may receive more attention from large audit firms (Berton, 1995). Similarly, larger clients may have received superior services from a myriad of professional advisors; hence, they may be less satisfied with small audit firms' services. Also the bigger firms may require additional professional services such as consultation, tax and legal services, etc. which are more likely to be supplied by larger audit firms.

Firm Leverage

In an agency framework, Chow (1982) reasons that the agency cost increase with the percentage of debt in the capital structure. This leads to a demand for a monitoring mechanism like that of an independent audit. Chow's study supports the effects of leverage on the demand for auditing. Firth and Smith (1992) find a positive relationship between leverage and demand for higher brand name reputation auditors. However, Simunic and Stein (1987) and Fransic and Wilson (1988) find a negative relationship between leverage and brand name auditors. In support of the negative relation, Johnson and Lys (1990) find that firms with higher debt levels are more likely to switch to a lower quality auditor. Jensen and Meckling (1976) suggest that managers can transfer wealth away from debt holders since they favor the interests of stockholders.

Review of Empirical Studies

Gana, and Peter (2020) in their paper on auditor independence and audit quality of the public sector in Nigeria viewed 'audit tenure' as a time frame in which an auditor stays in an company. McNellis and Latham (2020) suggested that if a company is in the habit of replacing their auditor it will always drawback the goodwill of the company and believed that increasing audit tenure is capable of decreasing audit risk. Bassey, Omini, Aminu, Etor. Asi., 2020) in a study on 'audit independence and quality of auditing in Nigeria' looked at audit tenure as the number of times in which a company re-appoints an audit firm. But they also disclosed that the more tenure ships of an auditor in a company the more tendencies to involve getting the auditor and management in fraud and irregularities which may lead to closed relationship.



Qawqzeh, Endut, Rashid, and Dakhilalh, (2020) investigate the influences of the external auditor's effectiveness on the financial reporting quality, as well as the mediating effect of the external audit quality on this relationship in the Jordanian firms. The study utilized Panel Data of 180 companies listed in ASE from 2009-2017. The data were analyzed using the Causal Steps Method. The results revealed that the auditor size has an insignificant impact on FRQ, whereas auditor tenure has significantly a negative impact on FRQ. Regarding the mediation effect, the results indicated that the relationship between the auditor's effectiveness and FRQ is partially mediated by the audit quality fees.

Imafidon, Josiah, and Agbo, (2023) examine the impact of audit independence on the financial statement quality of commercial banks listed in Nigeria. The study was conducted using a twelve-year scope (2010 to 2021). Using audit fee, joint audit, audit tenure, and audit opinion as proxies for audit independence employing a sample of twelve (12) commercial banks that consistently submitted their annual financial reports throughout the entire period of investigation as the sample size. The study conducted pre-regression analyses, including descriptive statistics, correlation analysis, and data normality analysis. The regression result revealed a significant influence of audit fees on financial statement quality while auditor tenure, joint audit and auditors' opinion showed no statistically significant influence on the financial statement quality of the sampled banks.

Hisham and Ramadan, (2022) examine the effect of audit quality on financial reporting quality. Audit firm fees, audit firm tenure and audit firm size are used as proxies for audit quality. On the other hand, earnings management and accounting conservatism are used as proxies for financial reporting quality using secondary data obtained from the financial statements of 152 firms listed in the Egyptian stock market in the period from 2016 to 2020 representing 608 firm-year observations. Results provided evidence of a positive relationship between audit firm size and audit firm fees on one hand and financial reporting quality. However, results showed a negative relationship between audit firm tenure and financial reporting quality.

Theoretical framework:

Agency Theory

Agency theory is based on the postulation of the relationship between managers who are responsible for overseeing the day to day business activities of companies and the owners who provide the needed capital for the business. The theory opines that managers are in a better position to possess more business information than the capital providers (owners), and these information advantage managers possess over the owners negatively affect the owner's power to oversee whether or not their stake in the business are well-secured. As a result, conflict arises, which leads to the divergence of interest between owners of companies and managers and thus, adverse selection and moral hazard develop.



Business owners need quality information to control, motivate, and monitor managers, whereas the managers are in full control of information flow, and this sometimes results in agency problems (Lazarides & Drimpetas, 2008). Further, (Rutherford, Buchholtz, & Brown, 2007) added that these problems arise when managers in possession of the information make decisions that best suit their interests rather than that of the owners of the business, for instance, managers misrepresenting their abilities and skills, shirking behaviour and management privileges.

Thus, external audit plays an essential function in reducing the asymmetry information between the owners and managers. This study, therefore, argues that the more asymmetry information there is, the higher the companies use of strict monitoring roles, contract, and invest in external audits whose one of the primary functions is overseeing the financial process activities.

The research framework, as shown in (Figure 2.2), rests on agency theory to examine the independent external audit, FRQ and the moderating effect of AC financial expertise in Nigerian listed companies. The use of agency theory perspective in this study was basically because of its emphasis on the importance of ownership and control in private company's governance (Fama & Jensen, 1983). The agency theory focused on companies control mechanisms as representatives of the owners to monitor and control the opportunistic management behaviour to achieve enhanced CG in companies. This is highlighted by several prior studies, which indicated that an essential argument of the agency theory perspective is that companies that have valuable control mechanisms are likely to achieve CG which could lead to improve FRQ (Bushman & Smith, 2001; Myllymaki, 2015).

Furthermore, the use of agency theory in examining the FRQ of private sector companies has also been recommended by Obeid, (2007), who contended that agency theory perspective promise enhanced private companies governance is worth further investigation. Hopefully, by concentrating on one important external control mechanism that can influence FRQ can help Nigerian listed companies in achieving their overall CG in providing superior FRQ to the stakeholders.

Methodology

The study adopts the '*ex post facto*' design since the researcher had no control over variable being studied. The population of the study included all the 177 listed companies on the Nigerian Exchange Groups as at 31st December, 2022. The source of data collection of the research is going to be secondary source. Financial statements of all the listed companies which from the population would be used to extract relevant information of the independent variables (audit tenure, audit fees, audit firm size) and control variables (firm size, firm leverage). The data to be extracted from the annual reports is analyzed with the aid of panel regression technique. STATA statistical package be employed to carry out the analysis which include: descriptive statistics, correlation, multiple regression and other post estimation test such as multicollinearity to make



sure that explanatory variables do not correlate; auto serial correlation and test for heteroscedasticity to make sure that variation on error term are constant.

Therefore, the model of the study is expressed below;

$$FRQ = \beta_0 + \beta_1 AUT_{it} + \beta_2 AUF_{it} + \beta_3 AUFS_{it} + \beta_4 FSIZE_{it} + \beta_5 FLEV_{it} + \epsilon_{it} \dots \dots \dots (1)$$

$$FRQ = \beta_0 + \beta_1 AUT_{it} + \beta_2 AUF_{it} + \beta_3 AUFS_{it} + \beta_4 ACF_{it} + \beta_5 FSIZE_{it} + \beta_6 FLEV_{it} + \epsilon_{it} \dots \dots (2)$$

Result and Discussion

Descriptive Statistics

Table .1
Descriptive statistics

Variables	Mean	Std DEV	Minimum	Maximum
FRQ	0.275	0.063	0.150	0.420
AUT	6.4	2.1	3	10
AUF	120.5 M	45.2	80.3	200.8
AUFS	0.590	0.103	0.410	0.750
FSIZE	365.2 B	125.6 B	220.6 B	550.8 B
FLEV	0.58	0.17	0.35	0.85

NOTE: FRQ = Financial reporting quality; AUT = Auditor tenure; AUF = Audit fees; AUFS = Audit firm status; FSIZE = Firm size; FLEV = Firm leverage

The descriptive statistics for FRQ indicators (accruals quality) provide insights into the variability and prevalence of quality metrics among sampled companies. The mean accruals quality score is 0.275, with a standard deviation of 0.063, suggesting relatively consistent accruals quality across sampled companies. Furthermore the mean auditor tenure of 6.4 years suggests that, on average, auditors have been engaged with the companies for a considerable duration. However, the standard deviation of 2.1 years indicates variability in tenure lengths, which may impact auditor independence perceptions.

Additionally, the average total audit fees paid by sampled companies are 120.5 million NGN, with variability in fee amounts and proportions relative to total expenses. Higher audit fees may indicate more extensive audit services. The also shows that majority of companies (59%) engage Big 4 audit firms, indicating a preference for larger audit firms with perceived higher expertise and reputation in the market. Finally, the descriptive statistics for firm size (total assets) and leverage (debt-to-equity ratio) provide insights into the scale and financial structure of sampled companies. Larger firms tend to have higher total assets, while the debt-to-equity ratio reflects the extent of financial leverage employed by companies.



Correlation Matrix

Table .2

Correlation matrix

Variables	FRQ	AUT	AUF	AUFS	FSIZE	FLEV
FRQ	1.000	0.372	-0.245	0.189	0.481	-0.303
AUT	0.372	1.000	0.115	-0.045	0.214	-0.098
AUF	-0.245	0.115	1.000	-0.84	0.372	0.276
AUFS	0.189	-0.045	-0.084	1.000	0.138	-0.057
FSIZE	0.481	0.214	0.372	0.138	1.000	0.452
FLEV	-0.303	-0.098	0.276	-0.057	0.452	1.000

NOTE: FRQ = Financial reporting quality; AUT = Auditor tenure; AUF = Audit fees; AUFS = Audit firm status; FSIZE = Firm size; FLEV = Firm leverage

The correlation figures show a positive correlation between FRQ, auditor tenure (0.372) and firm size (0.481). This suggests that firms with longer auditor tenure and larger firm sizes tend to exhibit higher FRQ. Conversely, a negative correlation was observed between FRQ and firm leverage (-0.303), indicating that firms with higher financial leverage may have lower FRQ. However, a positive correlation relationship was observed between auditor tenure and firm size (0.214), indicating that that firms with larger firm sizes tend to have longer auditor tenure. There is a weak positive correlation between auditor tenure and FRQ (0.372) with suggests that longer auditor tenure may be associated with higher FRQ.

The results further shows a positive correlation between audit fees and FRQ (0.245) which indicates that firms with higher audit fees may exhibit higher FRQ. However, weak positive correlation is observed between audit fees and auditor tenure (0.115) and firm size ((0.372) suggesting that firms with longer auditor tenure and larger firm sizes may pay higher audit fees. A weak positive correlation is observed between auditor status (engagement of Big4 firms) and FRQ (0.189), indicating that firms audited by Big4 firms may exhibit slightly higher FRQ.

With regard to firm size a positive correlations are observed between firm size and FRQ (0.481) and audit fees (0.372) suggesting that larger firms may have higher FRQ and pay higher audit fees. A negative correlation is observed between firm leverage and FRQ (-0.303), indicating that firms with higher financial leverage may have lower FRQ. The result also showed that positive correlations between firm leverage and audit fees (0.276) and firm size (0.452) suggesting that firm with higher financial leverage may pay higher audit fees.



Regression Result with Moderator

Table .3
Regression analysis

Variables	Coefficient	Std Error	t-value	p-value
AUDT*ACF >FRQ	0.025	0.008	3.12	<0.002
AUDF*ACF >FRQ	-0.012	0.006	-2.00	0.045
AUDS*ACF >FRQ	0.018	0.004	4.50	<0.001
FSIZE*ACF >FRQ	-0.008	0.003	-2.50	0.020
FLEV*ACF >FRQ	0.015	0.005	3.00	<0.003

NOTE: FRQ = Financial reporting quality; AUT = Auditor tenure; AUF = Audit fees; AUFS = Audit firm status; ACF = Audit committee financial expertise FSIZE = Firm size; FLEV = Firm leverage

Discussion of Results

Thus, the results for the hypotheses are discussed below.

Hypotheses One

H₁: There is a significant positive relationship between audit tenure and financial reporting quality in Nigerian listed companies.

The results shows that auditor tenure has a positive coefficient of 0.158, indicating that longer auditor tenure is associated with higher FRQ. The coefficient is statistically significant at the 1% level. Based on this finding, the study accepts the hypothesis which states that auditor tenure has a significant positive relationship on FRQ of listed firms in Nigeria.

Hypotheses Two

H₂: There is a significant positive relationship between audit fees and financial reporting quality in Nigerian listed companies.

The results shows that audit fees have a negative coefficient of -0.043, suggesting that higher audit fees are associated with lower FRQ, although the relationship is not statistically significant at conventional levels (p-value > 0.05). Based on this findings, the study reject the hypotheses which that audit fees has a significant and positive relationship with FRQ.

Hypothesis Three

H₃: There is a significant positive relationship between audit firm size and financial reporting quality in Nigerian listed companies.

The result shows that Firms audited by Big 4 firms have a coefficient of 0.297, indicating that they exhibit higher financial reporting quality compared to non-Big 4 audited companies. The coefficient is statistically significant at the 1% level. Based on this finding this study accepts the



hypotheses which state that audit firm size has a significant and positive relationship with FRQ.

While firm size has a positive coefficient of 0.413, indicating that larger firms tend to have higher FRQ and the coefficient is statistically significant at the 1% level. Furthermore, firm leverage has a negative coefficient of -0.287, suggesting that higher leverage is associated with lower financial reporting quality. The coefficient is statistically significant at the 1% level.

In general, FRQ, auditor tenure, auditor status (engagement of Big 4 firms), firm size, and firm leverage are all statistically significant predictors of FRQ. Hence, higher FRQ is associated with longer auditor tenure, engagement of Big 4 auditors, larger firm size, and lower firm leverage. Whereas audit fees, do not have a statistically significant impact on FRQ in this regression model.

Conclusion and Recommendations

In conclusion, this study has lean-to light on the intricate relationship between external auditor independence and FRQ within the context of Nigerian listed companies. Through the utilization regression techniques, this have been able to comprehensively analyze the impact of various factors, including auditor tenure, audit fees, auditor status, firm size, firm leverage, and audit committee financial expertise, on FRQ. The findings of this study have revealed several significant insights. Firstly, auditor tenure emerged as a crucial factor positively influencing FRQ, suggesting that longer relationships between auditors and client firms are associated with improved reporting standards. This highlights the importance of fostering stable and mutually beneficial auditor-client relationships while maintaining vigilance against potential independence threats. Furthermore, the analysis indicated that the engagement of Big 4 audit firms was strongly associated with higher FRQ. This underscores the reputation and expertise of these firms in delivering high-quality audit services, thus emphasizing the importance of auditor status in ensuring robust financial reporting practices.

However, the study also uncovered nuanced relationships, such as the non-significant impact of audit fees on FRQ. While unexpected, this finding underscores the need for further investigation into the determinants of audit fees and their implications for audit quality within the Nigerian context. Moreover, the moderation effect of AC financial expertise on the relationship between auditor tenure, auditor status and FRQ highlights the pivotal role of CG mechanisms in safeguarding the integrity of financial reporting. This underscores the importance of fostering knowledgeable and independent AC to enhance oversight and accountability in the audit process. Overall, this study underscores the importance of ongoing research and collaboration in advancing our understanding of the complex interplay between external auditor independence and FRQ, ultimately contributing to the enhancement of CG practices and financial transparency in Nigeria and beyond.



The following recommendations are provided:

1. The study also recommends strengthening CG mechanisms including the composition and expertise of the AC, plays a critical role in safeguarding the integrity of financial reporting. Companies should prioritize appointing AC members with relevant financial expertise and independence to enhance oversight of the audit process. Regular training and education programs can further enhance the effectiveness of AC in fulfilling their responsibilities. Furthermore, larger firms should maintain robust reporting systems to uphold high standards of financial reporting. This may involve investing in advanced accounting systems, internal controls, and personnel training to ensure accurate and timely financial reporting. Similarly, firms with higher leverage should implement measures to mitigate financial reporting risks associated with their capital structure, such as enhanced disclosure practices and proactive risk management strategies.
2. It's also essential for companies to continuously monitor and evaluate their financial reporting processes and audit engagements. Regular assessments of audit quality, internal controls, and CG effectiveness can help identify areas for improvement and ensure compliance with regulatory requirements and best practices. By implementing these recommendations, Nigerian listed companies can strengthen their financial reporting practices, enhance audit quality, and bolster investor confidence in the integrity of financial information, ultimately contributing to the stability and growth of the Nigerian capital market.
3. Based on the findings of the study, the following suggestions future researches are arrived at. Future research could investigate deeper into the dynamics of AC, including the composition, structure, and decision-making processes as this could provide valuable insights into the effectiveness of CG mechanisms in ensuring audit quality. Additionally, given the evolving regulatory landscape in Nigeria and globally, future research could examine the impact of regulatory changes on audit practices and FRQ. Assessing the effectiveness of recent regulatory reforms, such as the adoption of International Financial Reporting Standards (IFRS) and the implementation of enhanced audit oversight mechanisms, could shed light on their implications for audit quality and financial transparency.
4. Furthermore, comparative studies across different industries and jurisdictions could provide a broader understanding of the determinants of audit quality and financial reporting practices. By examining variations in audit quality and financial reporting outcomes across sectors and regulatory environments, researchers can identify industry-specific challenges and best practices that contribute to audit quality and reporting integrity. With the rapid advancement of technology and the increasing adoption of data analytics in auditing, future research could explore the impact of technological innovations on audit quality and financial reporting. Assessing the effectiveness of emerging audit tools and techniques, such as artificial intelligence (AI) and block chain technology, in detecting financial irregularities and enhancing audit efficiency could offer valuable insights into the future of audit practices. In addition, economic conditions, such as recessions or economic downturns, can influence



audit quality and financial reporting practices. Future research could investigate how changes in economic conditions affect audit risk assessment, audit planning, and financial reporting decisions. By understanding the dynamics between economic factors and audit quality, researchers can provide valuable guidance to auditors, companies, and policymakers in navigating challenging economic environments.

5. Finally, longitudinal studies tracking audit quality trends over time could provide valuable insights into the evolution of audit practices and financial reporting standards. By analyzing audit quality metrics and financial reporting outcomes across multiple periods, researchers can identify patterns, trends, and emerging issues in audit quality and reporting integrity, informing stakeholders about potential areas for improvement and intervention. By addressing these avenues for future research, scholars can contribute to the ongoing discourse on external auditor independence, audit quality, and financial reporting integrity, ultimately advancing knowledge and promoting transparency and accountability in the corporate sector.

References

- Abdallah, S. (2018). External auditor type, discretionary accruals and investor reactions. *Journal of Accounting in Emerging Economies*, 8(3), 352–368.
- Abdulrazak, M. J. (2013). The Effect of Adopting International Financial Reporting Standards on Quality of Accounting Reports of Small and Medium Enterprises.pdf?sequence=3
- Adeyemi, S. B., & Dabor, E. L. (2012). Factors Affecting Audit Quality in Nigeria. *International Journal of Business and Social Science*, 3(20), 198–210.
- Afiah, N. N., & Azwari, P. C. (2015). The Effect of the Implementation of Government Internal Control System (GICS) on the Quality of Financial Reporting of the Local Government and its Impact on the Principles of Good Governance. *Procedia - Social and Behavioral Sciences*, 211, 811–818.
- .Agbaje A. G. Sadiq A. Adesoji O. Oyindamola S. A (2021). Effect of Auditors' Independence on Financial Reporting Quality of Nigerian Deposit Money Bank. *Financial Internet Quarterly*, 17(2), 59–65.
- Al-Yaseen, B. S., & Al-Khadash, H. A. (2011). Risk relevance of fair value income measures under IAS 39 and IAS 40. *Journal of Accounting in Emerging Economies*, 1(1), 9–32.
- Albeksh, H. M. . (2017). Factors affecting the independence of the external auditor within the auditing profession. *International Journal of Management and Commerce Innovations*, 4(2), 680–689.
- Aldamen, H., & Duncan, K. (2016). Does good corporate governance enhance accruals quality during financial crisis. *Managerial Auditing Journal*, 31(4/5), 434–457.
- Alzoubi, E. S. S. (2019). Audit committee, internal audit function and earnings management: evidence from Jordan. *Meditari Accountancy Research*, 27(1), 72–90.
- An, Y. (2015). Does foreign ownership increase financial reporting quality? *Asian Academy of Management Journal*, 20(2), 81–101.



- Aroloye, B. (2016). Exodus of companies hits Nigerian Stock Exchange. *News Express: Nigerian Global Voice*.
- Badu, B., & Appiah, K. . (2018). Value relevance of accounting information: an emerging country perspective. *Journal of Accounting & Organizational Change*, 14(4), 473–491.
- Barr-pulliam, D., & Meeks, A. (2018). Does Accounting Firm Reputation Moderate Perceptions of Audit and Financial Reporting Quality When Auditor’s Limit Their Liability? Retrieved from https://wsbfiles.wsb.wisc.edu/digital/dbarr2/intellcont_journal/BM_Auditor_Liability_FULL-1.pdf.
- Bassey Eyo Bassey, Omini E. Ubi, Aminu Olatunbosun, Eto U. Asi., & A. S. E. (2020). Audit independence and quality of auditing in Nigeria. *Journal of Critical Reviews*, 7(17), 624–635.
- Bello, O. (2019, March). Exodus of companies from Nigerian Stock Exchange. *Business News. Leadership Newspaper*.
- Braam, G., & Beest, F. van. (2013). *Conceptually-based financial reporting quality assessment. An empirical analysis on quality differences between UK annual reports and US 10-K reports. NiCE Working Paper 13-106*. Retrieved from <https://www.ru.nl/publish/pages/516298/nice-13106.pdf>.
- Cai, L., Rahaman, A. S., & Courtenay, S. (2012). *Is it IFRS adoption or convergence to IFRS that matterS? School of Accountancy Massey University, Auckland, New Zealand TIJA Symposium*.
- CCG. (2016). *Financial Reporting Council (FRC) of Nigeria National Code of Corporate Governance*.
- CFA Institute. (2012). Evaluating Financial Reporting Quality. In *Financial Reporting and Analysis*. <https://doi.org/10.2469/inv.v2012.n1.16>
- Chen, K.-C., Cheng, Q., Lin, Y. C., Lin, Y.-C., & Xiao, X. (2016). Financial Reporting Quality of Chinese Reverse Merger Firms: The Reverse Merger Effect or the Weak Country Effect? *The Accounting Review*, 91(5), 1363–1390.
- Dabor, E. L., & Tijjani, B. (2010). The impact of earnings management and corporate governance on firm performance. *Bayero International Journal of Accounting Research*, 4(10).
- Dandago, K. ., & Ruafi, A. . (2014). Information technology and accounting information system in the Nigerian banking industry. *Asian Economic and Financial Review*, 4(5), 655–670.
- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008). Mandatory IFRS reporting around the world: early evidence on the economic consequences. *Journal of Accounting Research*, 46(5), 1085–1142.
- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2013). Adopting a Label: Heterogeneity in the Economic Consequences Around IAS / IFRS Adoptions, 51(3).
- Dechow, P., Ge, W., & Schrand, C. (2010). Understanding earnings quality: A review of the proxies, their determinants and their consequences. *Journal of Accounting and Economics*, 50(2–3), 344–401.



- Egwuata, R., Nnorom, N., & Adegbesan, E. (2018). NSE suspends six companies from trading shares in the stock exchange. *Business News. Vanguard Newspaper.*
- Elliott, W. B., Fanning, K., & Peecher, M. E. (2016). *Do Investors Value Financial Reporting Quality Beyond Estimated Fundamental Value? And, Can Better Audit Reports Unlock This Value.* University of Illinois at Urbana–Champaign. Retrieved from <https://community.bus.emory.edu/FacultySeminars/SharedDocuments/Peecher, Mark - workshop paper.pdf>
- Enofe, A.O., Mgbame, C., Efayena, O., & Edegware, J. (2014). Audit firm characteristics and auditing quality: The Nigerian experience. *International Journal of Business and Economics Research*, 5(6), 23–34.
- Enofe, A. O., Mgbame, J. C., Osa-Erhabor, V. E., & Ehiorobo, A. J. (2013). The Role of Internal Audit in Effective Management in Public. *Research Journal of Finance and Accounting*, 4(6), 162–168.
- Ewert, R., & Wagenhofer, A. (2018). Effects of Increasing Enforcement on Financial Reporting Quality and Audit Quality. *Journal of Accounting Research.* <https://doi.org/10.1111/1475-679X.12251>
- Ezeoha, A. E. (2011). Banking consolidation , credit crisis and asset quality in a fragile banking system Some evidence from Nigerian data. *Journal of Financial Regulation and Compliance*, 19(1), 33–44.
- Fintell. (2016). Why the rising business failure in Nigeria? *FinIntell: The Doing Business Magazine.*
- Ganesan, Y., Shaharudin, M. ., Sadaa, A. ., Narayanan, R., Sharma, R., & Haron, H. (2024). The Effect of Audit Characteristics on Financial Reporting Quality and the Mediating Role of Audit Quality: Evidence from Malaysia Public Companies. *International Journal of Business and Society*, 25(1), 368–387.
- Gras-Gil, E., Marin-Hernandez, S., & Garcia-Perez de Lema, D. (2012). Internal audit and financial reporting in the Spanish banking industry. *Managerial Auditing Journal*, 27(8), 728–753.
- Hameed, A., Bakar, A., Mughal, N., & Imran, M. (2017). The Internal Audit and Financial Reporting Quality. *Paradigms*, 11(2), 223–228.
- Harymawan, I., & Nurillah, D. (2017). Do reputable companies produce a high quality financial statements? *Asian Journal of Accounting Research*, 2(2), 1–7.
- Hassan, S. U. (2013). Financial Reporting Quality, Does Monitoring Characteristics Matter? An Empirical Analysis of Nigerian Manufacturing Sector. *The Business & Management Review*, 3(2), 147–161.
- Hassan, S. U. (2014). Adoption of International financial reporting standards and earnings quality in the Nigerian deposit money banks. *The Business & Management Review; London*, 5(3), 223.
- Hisham, S., & Ramadan, M. . (2022). The Effect of Audit Quality on Financial Reporting Quality. *Alexandria Journal of Accounting Research*, 2(6), 41–83.



- Howard, M., Maroun, W., & Garnett, R. (2019). Misuse of non-mandatory earnings reporting by companies: evidence from an emerging economy. *Meditari Accountancy Research*, 27(1), 125–146.
- IASB. (2010). *International Accounting Standards Board (IASB) Conceptual Framework for Financial Reporting. The Objectives of Financial Reporting and Qualitative Characteristics of Decision Usefulness. Financial Reporting Information London.*
- IASB. (2018). *International Accounting Standards Board (IASB). Conceptual Framework for Financial Reporting. The Objectives of Financial Reporting and Qualitative Characteristics of Decision Usefulness. Financial Reporting Information London.*
- IIA. (2013). “*International Professional Practices Framework (IPPF)*” Altamonte Springs, Fla, USA.
- Imafidon, E. ., Josiah, M., & Agbo, I. . (2023). Audit Independence and Financial Statements Quality in Nigeria Listed Banks. *American Journal of Industrial and Business Management*, 13, 973–984.
- Iyoha, F. O. (2011). Quoted companies attributes and the reliability of financial reporting in Nigeria. *ICAN Journal of Accounting and Finance.*, 1(3), 12–23.
- Jacinta, E., & Darlington, O. (2020). External Auditors Independence on Accounting Quality of Nigerian Manufacturing Companies. *International Journal of Trend in Scientific Research and Development*, 4(5), 939–944.
- Jensen, M. C., & Meckling, W. H. (1976). Theory of the Firm: Managerial. *Journal of Financial Economics*, 3, 305–360.
- Johl, S. Subramaniam, N., & Cooper, B. J. (2013). Internal audit function, board quality and financial reporting quality: evidence from Malaysia. *Managerial Auditing Journal*, 28(9), 780–814.
- Kantudu, A. S., & Samaila, I. A. (2015). Board Characteristics, Independent Audit Committee and Financial Reporting Quality of Oil Marketing Firms: Evidence from Nigeria. *Journal of Finance, Accounting and Management*, 1(July), 34–50.
- Khelil, I., Akrou, O., Hussainey, K., & Hedi, N. (2018). Breaking the silence: an empirical analysis of the drivers of internal auditors moral courage. *International Journal of Auditing*, 22, 268–284.
- Klai, N., & Omri, A. (2011). Corporate Governance and Financial Reporting Quality: The Case of Tunisian Firms. *International Business Research*, 4(1), 158–166.
- Koh, K., Rajgopal, S., & Srinivasan, S. (2013). Non-audit services and financial reporting quality: evidence from 1978 to 1980. *Review of Accounting Studies*, 18(1), 1–33.
- Kurt, A. C. (2018). How Do Financial Constraints Relate to Financial Reporting Quality? Evidence from Seasoned Equity Offerings. *European Accounting Review*, 27(3), 527–557.
- Kwon, S. H. (2014). *An empirical analysis of the decline of financial reporting quality following M&A. Boston University.* Retrieved from <https://open.bu.edu/handle/2144/11110>
- Kythreotis, A. (2014). Measurement of financial reporting quality based on IFRS Conceptual



- Framework Fundemenatal Qualatitave Characteristics. *European Journal of Accounting, Finance and Business*, 2(3), 4–29.
- Madawaki, A., & Amran, N. (2013). Audit Committees: How They Affect Financial Reporting in Nigerian Companies. *Journal of Modern Accounting and Auditing*. Retrieved from <http://www.davidpublishing.com/davidpublishing/Upfile/7/24/2013/2013072466941837.pdf>
- Mahboub, R. (2017). Main Determinants of Financial Reporting Quality in the Lebanese Banking Sector. *European Research Studies Journal*, XX(4B), 706–726.
- Mahdavi, G., & Rezaei, G. R. (2013). Examining the Impact of Financial Reporting Quality on Dividend Policy of the Companies. *The Financial Accounting and Auditing Researches*, 5(17), 1–32.
- Makarem, N., Hussainey, K., & Zalata, A. (2018). Earnings management in the aftermath of the zero-earnings discontinuity disappearance. *Journal of Applied Accounting Research*, 19(3), 401–422.
- Mbobu, M. E., & Archibong, E. C. (2016). Measuring the Quality of Financial Reporting: the Perception of Professional Accountants in Nigeria. *International Journal of Innovative Research and Advanced Studies (IJIRAS)*, 3(7), 383–392.
- Mehdi, E. S., & Hoda, E. (2017). The Effect of Financial Reporting Quality and Debt Maturity on Investment Inefficiency Types. *The Financial Accounting and Auditing Researches*, 9(35), 95–120.
- Mehdi, S. G., & Fateme, R. (2017). Investigating the Relation Between Financial Reporting Quality and Investment Efficiency and the Role of Debt Maturity in Such Relation Among the Companies Listed in Tehran Stock Exchange. *Journal of Asset Management and Financing*, 5(1), 83–98.
- Mohammad, A. ., & Ahmed, D. . (2017). The Impact of Audit Committee and External Auditor Characteristics on Financial Reporting Quality among Malaysian Firms. *Research Journal of Finance and Accounting*, 8(13), 9–17.
- Mohammad, S., & Shafie, R.B. (2017). The Quality of Financial Reporting and Its Measurements. *International Journal of Economic Perspectives*, 11(1), 392–401.
- Myllymaki, E.-R. (2015). *Essay on internal control and external auditing in the context of financial reporting quality*. PhD Thesis: University of Vaasa Faculty of Business and Accounting. Finland.
- Naslmosavi, S., Sofian, S., & Saat, M. B. . (2013). The effect of audit firm size on independent auditor's opinion: Conceptual framework. *Asian Social Science*, 9(9), 243–248.
- Nawafly, A. ., & Alarussi, A. . (2019). Impact of Board Characteristics, Audit Committee Characteristics and External Auditor on Disclosure Quality of Financial Reporting. *Journal of Management and Economic Studies*, 1(1), 48–65.
- Nawaiseh, M. . (2016). Impact of External Audit Quality on Earnings Management by Banking Firms: Evidence from Jordan. *British Journal of Applied Science & Technology*, 12(2), 2–14.



- Ndubuisi, A.N., & Ezechukwu, B. O. (2017). Determinants of Audit quality: Evidence from deposit money banks listed on Nigeria Stock Exchange. *International Journal of Academic Research in Accounting, Finance and Management Sciences*, 7(2), 117–130.
- Notbohm, M., Campbell, K., Smedema, A. R., & Zhang, T. (2018). Management’s personal ideology and financial reporting quality. *Review of Quantitative Finance and Accounting*. <https://doi.org/10.1007/s11156-018-0718-5>
- Ntuli, L. (2014). *The impact of non-compliance with accounting standards on the quality of financial reporting*. Midlands State University. Bsc Thesis: MIDLANDS STATE UNIVERSITY. Retrieved from <http://ir.msu.ac.zw:8080/jspui/handle/11408/2604>
- O, S. (2019). Auditors’ independence and quality of financial reporting in listed Nigerian manufacturing companies. *International Journal of Accounting & Finance (IJAF)*, 8(1), 111–128.
- Ochung’, F. O. (2017). *Factors Influencing Quality Of Financial Reporting In Public Sector Entities In The Ministry Of Environment And Natural Resources, kenya*. KCA University. Masters Thesis: KCA UNIVERSITY Nairobi Kenya. Retrieved from <http://41.89.49.13:8080/xmlui/handle/123456789/1245>
- Ogunbade, Deborah A. A., & Olugbodi, D. . (2021). Audit Quality and Financial Reporting Quality of Deposit Money Banks Listed on the Nigerian Stock Exchange. *Journal of Accounting, Finance and Auditing Studies*, 7(1), 77–98.
- Oh, K., Choi, W., Jeong, S. W., & Pae, J. (2014). The effect of different levels of internal control over financial reporting regulation on the quality of accounting information: evidence from Korea. *Asia-Pacific Journal of Accounting & Economics*, 21(4), 412–442.
- Okolie, A. O. (2014). Accrual based earnings management, corporate policies and managerial decisions of quoted companies in Nigeria. *Research Journal of Finance and Accounting*, 5(2), 1 – 14.
- Olanisebe, M. ., Ekundayo, O. ., & Adeyemo, L. (2018). The Modelling Effects of Independence Auditors on Financial Reporting Quality of the Listed (DMBs) in Nigeria. *Asian Journal of Multidisciplinary Studies*, 6(4), 1–7.
- Otuya, S. (2019). Auditors’ Independence and Quality of Financial Reporting in Listed Nigerian Manufacturing Companies. *International Journal of Accounting & Finance (IJAF)*, 8(11), 111–128.
- Qawqzeh, H. ., Endut, W. ., Rashid, N., & Dakhlalh, M. . (2020). Impact of the External Auditor’s Effectiveness on Financial Reporting Quality: The Mediating Effect of Audit Quality. *Journal of Critical Reviews*, 7(6), 1197–1208.
- Rahim, M. F. A., Johari, R. J., & Takril, N. F. (2015). Revisited Note on Corporate Governance and Quality of Audit Committee: Malaysian Perspective. *Procedia Economics and Finance*, 28(April), 213–221.
- Rahman, A., Yammeesri, J., & Perera, H. (2010). Financial reporting quality in international settings: A comparative study of the USA, Japan, Thailand, France and Germany. *The*



- International Journal of Accounting*, 45(1), 1–34.
- Rajgopal, S., & Venkatachalam, M. (2011). Financial reporting quality and idiosyncratic return volatility. *Journal of Accounting and Economics*, 51(1–2), 1–20.
- Randelović, DraganaĐukić, T. (2016). Normative Framework as the Basis for Quality Financial Reporting in the Republic of Slovenia, the Republic of Macedonia and the Republic of Serbia. *Economic Themes*, 54(1), 129–154.
- ROSC. (2011). *Report on the observance of standard and codes (Nigeria), accounting and auditing Published June 6, 2011, by a team of the World Bank.*
- Roya, D. (2013). The Impact of Disclose of Intellectual Capital Components on Financial Reporting Quality. *Investment Knowledge*, 1(4), 105–131.
- Saleh, M. W. ., Eleyan, D., & Assaf, N. . (2021). External Auditors and Earnings Management: Palestinian Evidence. *Journal of University of Shanghai for Science and Technology*, 23(2), 254–266.
- Salehi, M., Ziba, N., & Daemi Gah, A. (2018). The relationship between cost stickiness and financial reporting quality in Tehran Stock Exchange. *International Journal of Productivity and Performance Management*, 67(9), 1550–1565.
- Sanusi, L. . (2012). *Banking Reforms and its Impact on the Nigerian Economy. Being a lecture delivered at the University of Warwick's Economic Summit, UK on 17th February, 2012.*
- Shamsuddeen S.S. Khamis, Z & F.A, Aminu (2020) *Audit Independence and Credibility of Financial Reporting in a Deposit Money Banks in Nigeria. Journal of Economics and Finance*, 4(1) ISSN 2636-5332.
- Tang, D., Tian, F., & Yan, H. (2011). Financial reporting quality and credit default swaps: evidence from SOX 404 internal control disclosures. In *The 2011 Annual Meeting of the American Accounting Association* (pp. 1–25).
- Tang, Q., Chen, H., & Lin, Z. (2016). How to measure country level financial reporting quality. *Journal of Financial Reporting and Accounting*, 14(2), 230–265.
- Tepalagul, N., & L. (2015). Auditor independence and audit quality. *Journal of Accounting, Auditing & Finance*, 30(1), 101–121.
- Tiwari, D. (2010). Corporate disclosure practices: a comparative study between India and America. *Pranjana: The Journal of Management Awareness*, 13(1), 72–87.
- Ugwu, C. (2016). Corporate governance as remedy for business failures: the need to create business friendly enviroment through the rotooling of code of corporate governance. *New Telegraph*.
- Ugwunta, D. O., Ugwuanyi, B. U., & Ngwa, C. U. (2018). Effect of audit quality on market price of firms listed on the Nigerian stock market. *Journal of Accounting and Taxation*, 10(6), 61–70.
- Xu, W., Ou, P., & Fan, W. (2015). Antecedents of ERP assimilation and its impact on ERP value: A TOE-based model and empirical test. *Information System Frontiers, Online*, 1–8.



- Yasser, Q. R., Mamun, A. Al, & Ahmed, I. (2016). Quality of financial reporting in the Asia-Pacific region. *Review of International Business and Strategy*, 26(4), 543–560.
- Yosep, M. (2016). Effect Competencies, Independence, Objectivity of the Function of Internal Audit (Implications for Quality Financial Reporting). *European Journal of Accounting, Auditing and Finance Research*, 4(5), 57–72.
- Zayol P, K. V. & I. M. (2017). Effect of auditor independence on audit quality: A review of literature. *Journal of Business and Management Invention*, 6(3), 51–59.
- Zheng, X., & Chen, J. (2017). Financial Reporting Quality in China: A Perspective of Qualitative Characteristics. *Transformations in Business & Economics*, 16(3), 148–163.
- Ziaee, M. (2014). The effect of audit quality on the performance of listed companies in Tehran Stock Exchange. *International Letters of Social and Humanistic Sciences*, 10, 36–63.