Auditors' Independence, Audit Tenureship, Firm Characteristics and Audit Quality: Evidence from Nigeria

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Abstract: This study aims at examining empirically the effect of auditors' independence, audit tenureship, firm characteristics on audit quality in Nigeria. The population of the study comprises a sample of ten (10) listed pharmaceutical companies listed on the Nigerian Exchange Group (NGX). The time period for the study covers audited financial statements of the companies from 2013-2019. The study focused on two explanatory variables: auditors' independence and audit tenure, and two control variables: firm size and firm age. While the dependent variable audit quality was proxied by big four firms and non-big four firms. The secondary source of data was adopted in this study. The data collected were analyzed using the panel regression techniques. The results suggest that all of the explanatory and control variables have a positive and significant effect on audit quality. The study recommends that auditors' independence is directly proportional to audit quality, thus audit firms should be independent in order to enhance audit quality. Auditor-client engagement should not exceed 3years in order to avoid familiarity threat. In addition, firms are advised to engage the services of one of the big audit firms since it results to improved audit quality. Younger firms should understudy older firms to learn from the experiences that they have acquired over the years that impact positively on audit quality.

Keywords: auditors independence, audit tenureship, audit quality

JEL Classification: M41; M42

1. Introduction

The objective of an audit assignment is to express an expert opinion on the true and fair view of the financial statements prepared and presented by management with respect to a company's financial position, results of operations, and cash flows in conformity with GAAP (Generally Accepted Accounting Principles). At the conclusion of the audit exercise, the auditor issues an audit report. The quality of the audit report is a basic requirement to enhance financial statement credibility. Therefore, audit quality is a fundamental ingredient in improving the credibility of financial statements to the users of accounting information for informed decision making purpose.

An audit is an independent examination of the accounting records and the expression of an opinion on the financial statements of an enterprise. It involves the auditor gathering evidences to support the figures as presented in the financial statements of an enterprise. The essence of this task is to enable the auditor ascertain that the figures represent a true and fair view of the state of affairs for the period under review of the financial position of the organization as at the end of the reporting date and

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whether they can be relied upon for investment decision purpose. In order for the auditor to be in a position to give a honest and an unbiased professional opinion on the financial statements to the owners of the business, he needs to be independent from the client company.

In view of corporate scandal involving Enron and Arthur Anderson, auditor's tenure and independence took the centre stage of discussions. Auditors' independence is questioned due to these corporate scandals. It is believed that it is due to the "special relationship/closeness" that exist between the clients and the auditors which has led to the auditor decreasing objectivity and independence to the client (Ardhani, Subroto & Hariadi, 2019). The discussion is on the two side of the divide, whether organizations should change their auditors on a regular basis or allow their auditor to stay for a long time in order to build a long-term client relationship (Beattie, Brandt & Fearnley, 1999). Those who are in favour of long-term client relationship between the auditors' and their clients opine that a long term relationship allows auditors gain knowledge of the operations of their clients, thus making the auditors more efficient and improves the auditors' ability to detect irregularities (Barbadillo & Aguilar, 2008; Skinner & Srinivasan, 2012). On the other hand, those who support the regular replacement of auditors are of the view that long-term auditors – client relationship may result in empathy between them which could make the auditor to be bias in his judgement (Azizkhani, Monroe & Shailer, 2007; Healey & Kim, 2003; Ardhani, et al., 2019). As noted by Fairchild (2008), when the auditor's independence is lost, the auditor may disregard certain due-diligence and misconduct by management or staff thus resulting in poor quality of audit report.

Businesses are established with the primary aim of profit making. To achieve such objectives, rules are laid down, regulations and procedures are set out which have to be complied with. A shareholder or potential investor would not like to retain shares or invest money in a business where it would be difficult to get returns on investment. These problems may be caused by an organizations lack of proper accounting, presence of fraud and other external factors. Proper audit and good corporate governance provides a basis for accountability and an input to management information system. Based on the problems stated above, it is very necessary for an effective auditing system to be put in place as a strategy for efficient and effective operations and as such, the need for proper audit reporting cannot be overemphasized. Therefore, this study seeks to examine the impact of auditors' independence, audit tenure, firm characteristics on audit quality in Nigeria.

1.1. Statement of Research Problem

Over the years, several studies have attempted to examine the relationship between certain explanatory variables and audit quality but the results have been inconclusive (Dopuch, king & Schwartz, 2001; Myers, Myers & Omer, 2003; Singh & Singh, 2019; Ardhan, 2019; Turel, Tas, Genc & Ozden, 2017; Harber & Marx, 2020; Martani, Rahmah, Fitriany & Anggriata, 2021; Salehi, Zimon, Tarighi & Gholamzadeh, 2022). Most of the debates are centered on audit independence and audit tenure. Some of the questions raised are: should a company appoint a new auditor on a regular basis to ensure independence? Or should there be a provision for the auditor to establish a long-term relationship with the client?

Advocates of mandatory auditor rotation claim that longer audit tenure limits auditors independence and this impairs audit quality (Feleke, 2017; Islam, 2016). On the flip side, others believe that longer audit tenure increases auditors' expertise and encourages superior client-specific knowledge. In a study by Kabiru and Abdullahi (2012) on the impact of audit independence on audit quality of money

deposit banks in Nigeria. It was found that audit independence does not have a significant impact on audit quality. Vanstraelen (2000) in his study reports that long-term auditor's report client relationship is positively related with increased likelihood of auditors issuing an unqualified opinion.

In Nigeria, it was observed that most of the studies on this subject area focused on deposit money banks (Babatolu, Aigienohuwa & Uniamikogbo, 2016; Kighir, 2013; & Enofe, Okunega, Ediae 2013) and due to the inconsistency in the various empirical findings, we are motivated to further inquire into the subject matter and to the best of the researchers knowledge there is paucity of studies on the effect of auditors' independence, tenureship, firm characteristics on audit quality among pharmaceutical companies listed in the Nigerian Exchange Group (NGX) this is the gap the study wants to address.

1.2. Statement of Hypotheses

H_{01}: Auditors' independence does not have significant effect on audit quality of listed pharmaceutical companies in Nigeria.

H_{02}: Audit tenure does not have significant effect on audit quality of listed pharmaceutical companies in Nigeria.

H_{03}: Firm age does not have significant effect on audit quality of listed pharmaceutical companies in Nigeria.

H_{04}: Firm Size does not have significant effect on audit quality of listed pharmaceutical companies in Nigeria.

2. Review of the Literature

Arens, Elder, Beasley, and Fielder (2011) defined audit quality as "how well an audit detects and report material misstatements in financial statements, the detection aspects are a reflection of auditors' competence, while reporting is a reflection of ethics or auditors integrity, particularly independence". Audit quality is arguable but difficult to understand (Knechel, 2013), due to the fact that an audit process is made up of implementation of testing procedures that users of financial statement may not be able to observe (De Angelo, 1981; Hussainey, 2009).

Audit quality according to De Angelo (1981), "is market-assessed joint probability that a given auditor will both discover or detect a (i) breach or significant distortions of the financial statements or in the client accounting system and (ii) report the breach or significant distortions." According to Jackson, Moldrich and Roebuck (2008) audit quality can be viewed from actual and perceived quality. In terms of actual quality, it reveals the level of risk of material misstatement in the financial statements that the auditor has the ability to reduce. While perceived quality shows the level of confidence of the various users of the financial statements and the ability of the auditor to reduce material misstatement in the financial statements produced by the management. De Angelo's definition clearly defines the role of the auditor in audit quality. Therefore, audit quality brings together the effectiveness of an auditor to identify a breach (audit competence) and a commitment to report such a breach to the relevant authority (auditor independence).

Independence is a state of being free from bias and influence; when this is absent during the audit process, it can greatly impede audit quality. When an auditor lacks this attribute he is seen not to be objective. Auditors must be free from bias and interference when carrying out their responsibilities. Auditor's independence is the auditor's unbiased mental state of mind in taking decisions before, during and after the audit process. Izedonmi (2000) opines that "Auditor's independence implies the ability of an auditor to perform his audit work in accordance to his judgment, free from any undue influence and without being biased". Integrity and objective are pillars of independence. It is expected that an auditor should not only be independent but should be seen as being independent in carrying out his assignment. He should be seen to be independent from the planning stage of the audit work,during the execution of the work and at the reporting stage. At no point should the opinion of the auditor be influenced. In other words, the auditor should be free from any form of external or internal interference in carrying out his work and should report his opinion without any form of bias.

There is the tendency of a reduced objective and by extension audit quality when there is a long relationship between the auditor and his client leading to familiarity threat. The auditor may act based on sentiment in favour of his client. Audit tenure may be classified into large and short audit periods. Short audit period may reveal that the auditor has less knowledge about the client while a longer audit period may exposes the auditor to in depth knowledge about his client and their operations but to the demerit of the auditor's independence (Islam, 2016; Feleke, 2017). According to Adeyemi and Okpala (2011) audit firm's tenure may likely have a negative effect on auditor's independence as a result of a convergence between the client's interest and that of the auditor. In the case of Arthur Anderson and Enron, there was an increase in economic bond between the auditor and their client due to non-audit services (NAS) provided by them. Some auditors are likely to sacrifice independence on the altar of retaining a high-fee paying client (DeFond, Raghunsndan, & Subramanyam, 2002). One of the major factors that affect auditor's independence is the length of audit tenure (Enofe, Mgbame, Okunega & Ediae, 2013; Akpom & Dimkpan, 2013; Babatolu, Aigienohuwa & Uniamikogbo, 2016). There are two schools of thought as regards, audit tenure, one posit that longer audit tenure leads to an opportunity cost of audit independence that impair audit quality (Enofe et al., 2013). On the other hand, Tepalagul and Lin (2015) state that as audit tenure increases the degree of auditor independence and audit quality tend to rise with it due to the fact that auditors may need sufficient time to gain the requisite expertise in the client business. The size of an audit firm may have influence on audit quality. Large audit from have better financial capacity, more qualified staff, superior technology and up to date advantages enables them to withstand management pressure to compromise where as smaller audit firms with smaller client portfolios may succumb to management pressure (Lys & Watts, 1994).

According to Mansoury and Salehi (2009), the size of an audit firm has influence on audit quality. Large audit firm have better financial capacity, more qualified staff, superior technology and up-to-date software to meet the needs of larger companies companies. These advantages enable them to withstand management pressure to compromise whereas smaller audit firms with smaller client portfolios may succumb to management pressure (Lys & Watts, 1994). According to Shumway (2001) firm age is defined as the number of years of incorporation of the company, even though some believe that listing age, should define the age of the company. Loderer and Waelchi (2001) posit that listing age is the defining moment in a firm's existence. But Gitzmann (2008) and Pickering (2011) argue that a firm is a legal personality that is born through the process of incorporation. Therefore, this study adopts year of incorporation as the operationalization of the variable - age of the company or as the meaning of the age of the company.

3. Materials and Methods

This study employed ex-post facto research design. The population of the study comprised of all the ten (10) pharmaceutical companies listed in the Nigerian Exchange Group (NGX). These include: Afrik Pharmaceuticals Plc, Ekcorp Plc, Evans Medical Plc, Fidson Healthcare Plc, Glaxosmithline Consumer Nigeria Plc, Neimeth International Pharmaceuticals Plc - Nigeria, German Chemicals Plc, Pharma-Deko Plc, Union Diagnostic and Clinic Service Plc, Morison Industries Plc. The ten (10) listed pharmaceutical companies represent the sample size for the study for a seven (7) year period spanning from 2013 – 2019. The seven (7) years period is to ensure robustness of the empirical results and it took into cognisance the post adoption period of International Financial Reporting Standards (IFRS) in Nigeria. Listed companies in Nigeria were required to adopt IFRS on 1 January 2012 to encourage uniformity in the preparation and presentation of financial statement. The source of data for this study is basically secondary in nature. The secondary and panel data were collected from publication of the NGX and the annual report and accounts of the companies as well as their respective notes to the accounts. The dependent and independent variables for this study include: Audit quality and the explanatory variables of auditors independence, audit tenureship, firm size and firm age.

The panel data regression analysis technique was employed due to the combination of cross sectional and time series data in the study.

The functional form of the model is presented thus:

Audit Quality = f (Auditors Independence, Tenureship)

Infusing the two (2) control variables we have:

Audit Quality = f (Auditors Independence, Tenureship, Firm size, Firm age).

In econometric form, we have:

$AUDQUA_{it} = \beta_0 + \beta_1 AUDIND_{it} + \beta_2 AUDTENRE_{it} + \beta_3 FSIZE_{it} + \beta_4 FAGE_{it} + \varepsilon_{it}$

Where, AUDQUA = Audit Quality; AUDIND = Auditor Independence; AUDTENRE = Audit Tenure; FSIZE = Firm Size; FAGE = Firm Age; i relates to an individual firm; t relates to year; $\beta_1:\beta_2:\beta_3:\beta_4$ means the coefficients of factors; and ε_{it} = error term

Table 1. Variable Measurement

Variable	Notation	Measurement	Authors	Apriori Expectation
Audit Quality	AUDQUA	If audited by the Big four '1' and '0' if otherwise	Adeniyi (2013), Enofe, Okunega & Ediae, 2013.	
Auditor's Independence	AUDIND	Ratio of audit fee to company's revenue	Adeniyi (2013), Enofe,Okunega & Ediae, 2013.	+
Audit Tenure	AUDTENRE	Length of auditor-client relationship '1' if 3years and '0' if otherwise	Bafqi, MoeinAddin, AlaviRad & Ebrahim(2013)	+
Firm Size	FSIZE	Natural log of company's total assets	Bafqi, MoeinAddin & AlaviRad (2013)	+
Firm Age	FAGE	Natural logarithm of the number of years since the company was listed on the stock exchange	Majumdar, 1997, Dogan 2013; Halil & Hasan 2012.	+

Table 2. Descriptive Statistics

	AUDQUA	AUDIND	AUDTENRE	FSIZE	FAGE
Mean	0.142857	0.625600	0.809524	1.43E+08	59.42857
Median	0.000000	0.429871	1.000000	2839229.	60.00000
Maximum	1.000000	1.527151	1.000000	5.43E+08	66.00000
Minimum	0.000000	0.104337	0.000000	2200244.	52.00000
Std. Dev.	0.358569	0.509306	0.402374	2.22E+08	3.994639
Skewness	2.041241	0.936971	-1.576482	1.005756	-0.208160
Kurtosis	5.166667	2.236293	3.485294	2.101127	2.099450
Jarque-Bera	18.69097	3.583047	8.904601	4.247387	0.861274
Probability	0.000087	0.166706	0.011652	0.119589	0.650095
Sum	3.000000	13.13760	17.00000	2.99E+09	1248.000
Sum Sq. Dev.	2.571429	5.187845	3.238095	9.89E+17	319.1429
Observations	70	70	70	70	70

From Table 2 it is observed that Auditors independence (AUDIND) has a mean value of 0.62. This suggests that about 62% of the auditors are independent. It has maximum and minimum values of 1.527151 and 0.104337 respectively with a standard deviation of 0.509. This shows that the distributions are clustering around the sample mean. In order to ascertain if the series meet the normality criterion, the Jarque-Bera statistics of 3.583047 with a p-value of 0.166706 shows the series fails to meet the normality criterion.

Audit tenure from the Table 2 has a mean value of 0.809524 with maximum and minimum values of 1.00000 and 0.000000 respectively. It reveals that some of the audit firm firms have spent more than three financial years as auditor while some have spent less than three years as auditor of the same firm. On the average, most of the audit firms have spent more than three years as auditors of the sampled firms. The standard deviation of 0.402314 shows the clustering around the sampled mean. The mean, minimum and maximum values of firm size are 1.43E+08, 22000244 and 5.43E+08 respectively. This suggests that the average size of the sample firm is 1.43E+08 (1.43 billion naira). The standard deviation of 2.22E+08 indicates dispersion from the mean. The Jarque-Bera value of 4.247387 and probability of 0.119589 suggests that the series did not achieve the normality criterion.

Firm age has a mean value of 59.42. This indicates that the average age of the sampled firms is 59 years. The maximum and minimum values are 66 years and 52 years. This suggests that the oldest sampled firm is 66 years and the youngest is 52 years. The standard deviation value of 3.994639 indicates a huge dispersion from the sampled mean. While the Jarque-Bera of 0.861274 with a p-value of 0.650095 suggests that the series fails to meet the normality criterion.

Table 3. Pearson Correlation Result

	AUDQUA	AUDTENRE	AUDIND	FSIZE	FAGE
AUDQUA	1				
AUDTENRE	-0.4950	1			
AUDIND	-0.4030	-0.2042	1		
FSIZE	0.0688	-0.4077	0.6332	1	
FAGE	0.5834	-0.4443	0.2776	0.5350	1

It is observed from Table 3. that Audit tenure is negatively associated with audit quality having a correlation coefficient of (-0.4950). Audit independence is negatively associated with audit quality (-0.4030) and audit tenure (-0.2042). Firm size is positively associated with audit quality (0.0688) and audit independence (0.6332) but negatively correlated with audit tenure with a correlated coefficient (-0.4077). Finally, it is observed that firm age has a positive association with audit quality (0.5834), audit independence (0.2776), firm size (0.5350) but negatively associated with audit tenure (-0.4443). From the above, it is revealed that none of the variables are strongly correlated (r>80%) hence, it indicates an absence of multicollinearity in this research. Therefore, the model is suitable for regression purposes.

Table 4. Regression analysis

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.134323	0.564343	-5.553929	0.0000
AUDIND	-0.820926	0.117047	-7.013644	0.0000
AUDTENRE	-0.231381	0.087535	-2.643293	0.0177
LOG_FSIZE	0.108646	0.029317	3.705898	0.0019
FAGE	0.036691	0.009840	3.728689	0.0018
R-squared	0.886282	Mean dependent var		0.142857
Adjusted R-squared	0.857853	S.D. dependent var		0.358569
S.E. of regression	0.135189	Akaike info criterion		-0.960028
Sum squared resid	0.292417	Schwarz criterion		-0.711332
Log likelihood	15.08029	Hannan-Quinn criter.		-0.906054
F-statistic	31.17476	Durbin-Watson stat		2.100284
Prob(F-statistic)	0.000000			

Table 4 reveals the regression result, using the Ordinary Least Square (OLS) estimation techniques, it would be observed that Adjusted R^2 of 0.857853 implies that about 86% of the systematic variable in audit quality is explained by the independent variables. The F-Statistics, which measures existence of linear relationship between the dependent variables, shows a value of F-statistics (31.17476) with probability (F-statistics) of 0.000000. This suggests a significant statistical relationship of the model. The stability of the model was tested using the ratio of the standard error of regression (0.135189) to the mean of the dependent variable (0.142857). The ratio was less than one (0.9463). This means that the ratio is minimal and hence proves that the model is stable with high forecasting power. The significant of the impact of the individual explanatory variables on the dependent variable was tested using the p-value from the regression table. Audit independence (AUDIND) has a coefficient of -0.820926, and a t-value -7.013644 with a p-value of 0.000000. This shows that audit independence has an inverse relationship with audit quality. This impact was significant at 5% level of significance. This means that audit independence is a significant determinant of audit quality. Audit tenure (AUDTENRE) has a coefficient of -0.231381 and a t-value -2.643293 with a p-value of 0.0177. This shows that audit tenure has an inverse relationship with audit quality. This effect was significant at 5%

level of significance. This means that audit tenure is a significant determinant of audit quality. Firm size has a coefficient of 0.108646 and a t-statistics 3.705898 with p-value of 0.0019. This shows that firm size (FSIZE) has a direct relationship with audit quality. This impact was significant at 5% level of significance. This means that firm size has a significant effect on audit quality. Finally, firm age shows a coefficient of 0.036691 and a t-value 3.728689 that a p-value of 0.0018. This reveals that firm age (FAGE) has a direct relationship with audit quality. Therefore, there is a significant impact of firm age on audit quality.

4. Discussion of Findings

Auditors Independence and Audit Quality

It is observed from the regression result that the t-statistics of 7.013644 is greater than the rule of thumb of 2 and having a p-value of 0.0000. Therefore, we reject the null hypothesis which states that Auditor's independence does not have significant effect on audit quality. The implication of these results is that auditors' independence goes a long way to affect audit quality. This also means that an independent auditor is likely to enhance and influence audit quality in any organisation, due to its oversight functions and responsibilities. As auditors independence increases so too does audit quality increase. This finding is in tandem with the studies by Zayol and Kukeng (2017) who found a strong relationship between auditor independence and audit quality. Babatolu, Aigienoluwa and Uniamikogbo (2016) examined the effect of auditor's independence on audit quality. Their findings showed a positive relationship between auditors' independence and audit quality. Enofe, Okunega and Ediae (2013) posit that as auditors' independence increase, the quality of the audit also improves. Also in line with our research findings, Kabiru and Abdullahi (2014) examined the effect of auditors' independence on audit quality and it was revealed that audit independence has a positive and significant effect on the quality of audited financial statement. Other studies in tandem are (Ilaboya & Ohiokha, 2014; Nestor, 2017; Enofe, Mgbame & Edegware, 2014).

Audit Tenure and Audit Quality

Audit tenure had a t-statistics of -2.643293 and a p-value of 0.0177. The absolute value of the t-statistics is greater than the rule of thumb of 2. Hence, we reject the null hypothesis and accept the alternate hypothesis which states that audit tenure has significant effect on audit quality. This result is not in tandem with the studies of Agoes, 2012; Bafqi, Addin & Alavi, 2013; Enofe, Okunega and Ediae, 2013; Adeyemi, Okpala & Dabor, 2012. Other studies found that long audit tenure improve audit quality (Ilaboya & Ohiokha, 2014; Gelanch, 2011, Tepalagul & Lin, 2015; Lim & Tam, 2010, Adeyemi & Fagnemi, 2010). The length of the relationship between the auditor and the quality of the audit has been established empirically that it has significant impact. This relationship could either be long or short relationship. A long relationship as earlier mentioned in the literature review could increase the knowledge about the client's internal operations, but the demerit is that our familiarity threat could set in especially when the auditor starts engaging in non-audit services (NAS) thereby hampering or compromising his independence stance. The short tenure could lead to the auditor not knowing much about the client's business before disengaging to another audit client.

Firm Age and Audit Quality

Firm age had a t-statistic of 3.728689 and a p-value of 0.0018. Since the t-statistic is higher than the rule of thumb of 2. We reject the null hypothesis and accept the alternate hypothesis which states that firm age has a significant effect on audit quality. Firm age has to do with the number of years the firm has existed from the date it was listed on the NGX. Auditors are more meticulous when they are dealing with older firms as compared to younger firms because of the experience they have acquired over the years. The age of the firm contributes to the perception and approach which the auditor would adopt thereby leading to a more quality audit.

The operations and accounts of older firms are usually under the scrutiny of the public hence the reason why auditors would apply caution in the audit process of older firms.

Firm Size and Audit Quality

From the regression result in Table 4 firm size had a t-statistic of 3.705898 and a p-value of 0.0019. Since the t-statistic is greater than the rule of thumb of 2, we reject the null hypothesis which states that firm size does not have significant effect on audit quality. Therefore, we accept the alternate hypothesis. This finding is in tandem with the study of Babatolu, Aigienohuwa and Uniamikogbo (2018). In their study, Auditor's independence and audit quality of selected deposit money banks in Nigeria. They found a positive correlation between audit quality and firm size and statistical significant at 5% level of significance. This indicates that the bigger the firm, the higher the quality of audit is likely to be. Bigger companies have built a reputation over the years and would do everything within their capacity to ensure that they do not create room for the public to doubt them. This finding is also in line with the study of Ilaboya et al 2014; Aliu, Okpanachi & Mohammed, 2018).

5. Conclusion

Auditors' independence, audit tenureship and firm characteristics on audit quality has been a subject of importance in Audit literature. The study began with the background to the study, followed by the development of four objectives preceded by the formulation of four hypotheses for the research. Hypotheses was formulated with a view to test them at the end of the study with a scope of seven (7) years from 2013-2019. This was followed by a statement of research that stated that despite the numerous studies on audit independence, audit tenureship and firm characteristics on audit quality in listed pharmaceutical companies in Nigeria, most of the studies concentrated on the financial sector, which is a service oriented sector, conglomerate sector, and non-financial sector. This study focuses on quoted Pharmaceutical companies in the NGX taking into consideration to see whether the results are different from other studies conducted in the financial sector, conglomerate sector and non-financial sector.

The results reveal showed that Auditors' Independence has significant impact on Audit Quality of listed Pharmaceutical Companies in Nigeria, which means that an independent auditor is likely to enhance and influence audit quality in any organization, due to its oversight functions and responsibilities. As auditors independence increases so does audit quality increase. Audit tenure has significant impact on audit quality, which means that the length of the relationship between the auditor and the quality of the audit has been established empirically that it has significant impact. Firm age has significant impact on audit quality, which means that the age of the firm contributes to the perception

which the auditor would adopt thereby leading to more quality audit. Firm size has significant impact on audit quality, this indicates that the bigger the firm, the higher the quality of audit.

Based on the results, we recommend that auditors should ensure that their report or judgement should not be influenced by the manipulations and self-centered behaviours of managers. This can be achieved by avoiding outrageous gifts and offers made by managers or influential personality in the organization.

Due to the familiarity threat that may arise as a result of long audit tenure, it is advised that auditor-client engagement should not exceed three (3) years. This would mitigate the tendencies of the auditor acting in favour of the management at the expense of audit quality. In addition, long audit engagement could lead to over-familiarity, hence auditors should be disciplined enough to know when to disengaged when there is evidence of familiarity threat.

Firms that are able to afford the services of the big audit firms should engage them, since it results to improved audit quality. Younger firms should under study older firms to observe these experiences/factors that they have acquired over the years that impacts positively on audit quality. They could fast-track the process of acquiring those experiences or be deliberate in getting them, with the aim of achieving audit quality.

Finally, this study is not void of limitation. The study period only covered seven (7) years and only four explanatory variables were examined. This may not provide the opportunity for robust analysis and interpretation. We suggest that similar study on this same research area should be carried out using different variables and analysis. In addition, the study period could be spanned for more than seven (7) years in order to increase the robustness of the analysis.

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