International Journal of Trend in Scientific Research and Development (IJTSRD)
Volume 4 Issue 5, July-August 2020 Available Online: www.ijtsrd.com e-ISSN: 2456 – 6470

External Auditors Independence on Accounting Quality of Nigerian Manufacturing Companies

Ebubechukwu, Jacinta O[1]; Ofurum, Darlington I[2]

[1]Department of Accountancy, School of Business Administration & Management Technology, Federal Polytechnic Nekede, Owerri, Nigeria
[2]Department of Accountancy, Nnamdi Azikiwe University, Awka, Nigeria

ABSTRACT
This study examines the effect of external auditor's independence on accounting quality of Nigerian manufacturing companies. Specifically, the study: ascertain the effect of audit fees on discretionary accruals of manufacturing companies and determine the effect of audit firm tenure on discretionary accruals of manufacturing companies. Ex-post facto research design was adopted. The population of the study comprise of Consumer Goods manufacturing companies on the Nigerian Stock Exchange (NSE). Ordinary Least Square was used to test the relationship between the independent variables and the dependent variable. The empirical results revealed that the study determined the effect of external auditor's independence on accounting quality of Nigerian manufacturing companies that there is a significant positive effect of audit firm tenure on discretionary accruals of Nigerian manufacturing companies. Also that audit fees has a non-significant positive effect on discretionary accruals of Nigerian manufacturing companies. Auditors' are responsible for certifying the true and fairness of financial statements. The present study investigates the effect of audit firm tenure, Audit fees, audit firm size, and degree of competition on the level of discretionary accruals as surrogate for accounting quality. The results showed mixed findings. Two proxies audit firm tenure and audit firm size showed a significant positive effect; while, audit fees and degree of competition showed non-significant positive effect. Based on the empirical results above, the study recommended that firms are advised to consider use of industry-specialist auditors against the consideration of 'name' alone such like the use of Big 4.

KEYWORDS: *Aauditor's independence, Audit fees, Audit firm tenure and Accounting quality*

How to cite this paper: Ebubechukwu, Jacinta O | Ofurum, Darlington I "External Auditors Independence on Accounting Quality of Nigerian Manufacturing Companies" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-4 | Issue-5, August 2020, pp.944-949, URL: www.ijtsrd.com/papers/ijtsrd33021.pdf

IJTSRD33021

INTRODUCTION

The demand for audit services as a monitoring tool is a reflection of the conflict of interest between 'principals' and 'agents' in modern corporations (Nozarpour, 2014). To strengthen the informational quality of accounting numbers disclosed in financial statements, and safeguard stockholders from managerial opportunistic behaviours and unethical practices, an external audit is required. The main legal framework for corporate governance in Nigeria is the Companies and Allied Matters Act [CAMA] Cap C20 Laws of the Federal Republic of Nigeria (Okike & Adegbite, 2012).

The onus for the preparation and presentation of financial statements in accordance with International Financial Reporting Standards [IFRS], Generally Accepted Accounting Principles [GAAP] or similar standards lies with the managers (Olowookere & Inneh, 2016). Financial statements provide information useful to a wide range of users in making informed economic decisions. Thus, managers' utilise financial statement as instruments to report on their stewardship (Chadegani, Mohamed, & Jari, 2011). Financial statements provide information on the financial position, profit or loss and other comprehensive income, and changes in equity/financial position during a period of an entity (International Accounting Standards Board [IASB] Framework, 2005). The Framework further lists the following 'principal classes' of financial statement users: present and potential investors and their advisors; employees; suppliers and other trade creditors; customers; governments and their agencies; and, the general public (IASB, 2005).

The external audit can be defined as "the independent examination of the financial statements of an organization with a view to express an opinion on whether these statements present a true and fair view and comply with relevant statutes and the IFRSs" (Aguolu, 2008). External audits play a key role in serving the public interest by increasing the accountability of managers (Liu, Wang, & Wu, 2011); and, the cornerstone for reinforcing trust and confidence in financial reporting (KPMG, 2014). In fact, Mansi, Maxwell, and Miller (2004) notes that auditors play two vital roles to capital market participants: the information role and insurance role.

There has been a growing emphasis on the perceived independence of external auditors (O'Sullivan, 2000). The independence of the external auditor is a fundamental pre-requisite for an objective audit in order to boost confidence in the quality of the audited financial statements.

The problem tackled in this study is therefore two-fold: firstly, while existing studies have mainly used attributes such as tenure, firm size, or audit fee to evaluate auditor independence status. The literature is still scanty on the influence of competition on auditor independence and its direct effect on accounting quality. The present study, therefore, seeks to extend prior studies by examining this surrogate of auditor independence. This study examines the effect of external auditor's independence on accounting quality of Nigerian manufacturing companies. Specifically, the study:

1. Ascertain the effect of audit fees on discretionary accruals of manufacturing companies.
2. Determine the effect of audit firm tenure on discretionary accruals of manufacturing companies.

Review of Related Literature

According to Aliu, Okpanachi, and Mohammed (2018) auditor's independence can be defined "as an auditor's unbiased mental attitude in making decisions throughout the financial reporting auditing process". Auditor's independence refers to the ability of the external auditor to act with integrity and impartiality during the conduct of the audit engagement (Akpom & Dimkpah, 2013). Independence is a state of mental attitude and physical appearance that portrays an auditor as being uninfluenced by others in judgment and decision (Louwers, Ramsay, Sinason, & Strawser, 2007). Independence is a position required in order to take an unbiased viewpoint in the performance of audit tests, analysis of results and attestation in the audit report (Gray & Manson, 2000). According to the Conceptual Framework for AICPA Independence Standards (AICPA, 2006) defines independence as a the state of mind that permits the performance of an attest service without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional scepticism.

The Code of Ethics for Professional Accountants defines independence of mind as "the state of mind that permits the expression of a conclusion without being affected by influences that compromise professional judgment, thereby allowing an individual to act with integrity and exercise objectivity and professional scepticism" (IFAC, 2009). The Code of Ethics further defines independence in appearance as the avoidance of facts and circumstances that are so significant that a reasonable and informed third party would be likely to conclude, weighing all the specific facts and circumstances, that a firm, or a member of the audit team's, integrity, objectivity or professional scepticism has been compromised. Gay and Simnett (2003) define auditor's independence as the "ability to withstand compression from management influence when conducting an audit or providing audit-related services so that the professional integrity of the auditor is not compromised".

Audit Tenure

Audit tenure refers to the length of time between the auditor has served a client from the period of his initial engagement. There are two opposing views on the effects of auditor tenure on audit quality (Enofe, Mgbame, Okunega, & Ediae, 2013). The *first* view is that a longer tenure enables the auditor to develop competence because decisions are based on extensive client knowledge developed over time; *secondly*, the opposing view, is that it hampers independence because it enables an auditor gain so much familiarity and therefore likely to act in favour of management (Knechel & Vanstraelen, 2007). Adeyemi and Okpala (2011) observed that a long auditor-client relationship may cause an alignment of both interests and thus reducing the likelihood of a truly independent behaviour of the auditor.

Extant studies have documented a form of link between audit tenure and audit quality. While some document a positive link (Carey & Simnett, 2006); others document negative or no link (Chen, Lin, & Lin, 2008; Chi, Huang at al., 2009). Lee, Mande, and Son (2009) investigated whether ARLs are influenced by auditor tenure and the provision of non-audit services by an external auditor. The results showed that both auditor tenure and non-audit services were significantly associated with ARLs. With regard to auditor tenure, we find that ARLs decline as auditor tenure lengthens, indicating that auditors with long tenure are able to audit their clients more efficiently.

Apart from accruals, Stanley and DeZoort (2007) utilize restatement as a proxy for low quality of financial reports. Their test results also suggest that as the length of auditor-client relationship increased, the likelihood of restatement decreased, suggesting better financial reporting quality.

Audit Fees

Audit fees are amounts paid to auditors for an audit assignment. It reflects the cost of the efforts expended by the public accountants and risks of litigation (Choi, Kim, Liu, & Simunic, 2009). The study by Johari, Sanusi, Rashidah, and Omar (2013) showed evidence that when the total fees from an audit client represent a large proportion of the total revenue of a firm, financial dependence and the concern over losing the client may give rise to a self-interest threat. Blankley, Hurtt, and MacGregor (2012) found evidence that abnormal audit fees were negatively associated with the likelihood that financial statements are subsequently restated. More specifically, Eshleman and Guo (2014) found evidence of a negative relationship between the level of abnormal audit fees paid by the client and the likelihood of using discretionary accruals to meet or beat the consensus analyst forecast. Using archival data from China, Cahan and Sun (2015) found that experience is positively associated with audit fees and negatively associated with absolute discretionary accruals.

Chersan, Robu, Carp, and Mironiuc (2012) view the audit fee as the sums payable/paid to the auditor, for the audit services offered to the auditee. The IFAC rules of ethics of public accountant's cited in Yuniarti (2011) note that audit fees may vary depending on the risk assessment, the complexity of services provided, level of expertise required to perform such services, the related cost structure of the CPA firm and other professional considerations.

Accounting Quality

Accounting quality is a product of the accounting system which reflects unobservable construct that inherently involves estimations and judgment, and thus has the potential for unintentional errors and intentional bias (Ewert & Wagenhofer, 2010). Financial accounting misreporting refers to the wilful misrepresentation of the true underlying economic performance measures (Balakrishnan & Cohen, 2011). Thus, it refers to the "distortions in financial statements resulting from undisclosed changes in underlying accounting assumptions" (Unger, 2001). Dechow, Ge, and Schrand (2010) classified measures of financial reporting quality into three broad categories: properties of earnings, investor responsiveness to earnings, and external indicators of earnings misstatements. The *first* category includes such as earning persistence and accruals; earnings smoothness; asymmetric timeliness and timely loss recognition; and target beating, in which the distance of earnings from a target (e.g., small profits) is viewed as an indication of earnings management. The *second* category includes the use of an earnings response coefficient (ERC) or the R square from the earnings-returns model as a proxy for earnings quality. The *third* category includes such as Accounting and Auditing Enforcement Releases (AAERs), restatements, and internal control procedure deficiencies reported under the Sarbanes Oxley Act. Richardson, Sloan, Soliman, and Tuna (2001, p.4) observe that "accrual accounting attempts to recognize the expected future financial benefits and obligations accruing to an enterprise over a period". They further stated that accrual accounting involves "a trade-off between relevance and reliability" (Richardson, Sloan, Soliman, & Tuna, 2001).

Review of Empirical Studies

Odanga (2016) determined the effect of audit firm tenure, client importance and auditor reputation on audit quality on listed firms in Kenya'. The study adopts the correlational research design. The sample comprised of thirty-three non-financial firms listed on the Nairobi Securities Exchange (NSE). The study employed the Ordinary Least Square regression to analyze the data. The results showed that audit quality declined when audit tenure is long and client audited by big 4; however, in contrast, audit quality is high when audit tenure is short for non-big 4 relative to big 4. Aliu, Okpanachi, and Mohammed (2018) ascertained the effect of auditor's independence and audit quality. The study obtained data; obtained from annual reports and accounts from 2007 to 2016. The data were analyzed using descriptive statistics, correlation, and binary logit regression techniques. The results showed that a significant positive relationship exists between auditor independence and audit quality. Tarak (2016) examined the impact of the audit quality on the accounting profits of companies listed on the TSE'. The sample comprised of 20 non-financial companies listed on the Tunis Stock Exchange (TSE). The data were analysed using multiple regression techniques. The results showed that a positive association between quality of accounting profits and sector-based specialization of audit firms, Big 4 audit firm, and audit committee financial expertise. Okolie (2014) examined the effect of auditor tenure, auditor independence and accrual-based earnings management of quoted companies in Nigeria'. The study obtained data from the annual reports and accounts from 2006 to 2011. The study employs multiple regression technique to analyse the data. The results showed that that audit tenure and auditor independence exert significant effect on the level of discretionary accruals. Umaru (2014) ascertained the effect of audit attributes and financial reporting quality of listed building material firms in Nigeria'. The study employed a correlational research design. The data were analysed using descriptive and inferential statistics. Data were tested using Ordinary Least Square (OLS) technique. The results showed that audit compensation and audit firm independence have a significant positive impact on financial reporting quality of quoted building material firms in Nigeria. Adeniyi and Mieseigha (2013) assessed the effects of audit tenure on audit quality in Nigeria'. The data were analysed using the binary logistic regression approach. The results showed that auditor tenure had a negative insignificant effect on audit quality. Other variables such as board size, board independence, and director ownership were also found to be inversely related to audit quality. Yuqing, Wuchun, and Yong (2008) investigated the effect on two proxies of audit quality. The study relied on secondary data. The data were analysed using multiple regression technique. The results showed there is no linear relationship between audit tenure and audit quality. However, utilising the latter proxy, the results showed that longer tenure leads to higher audit quality. Xinyuan and Lijun (2006) determined the effect of auditor tenure on audit quality on Chinese Securities Market. The data was analysed using multiple regression technique. The results showed that the relationship between auditor tenure and the absolute value of discretionary accruals is inverse "U" shape.

METHODOLOGY

The study adopted *ex post facto* research design. This design is considered suitable because the researcher does not have direct control of independent variables because their manifestations have already occurred. The population of the study comprise of Consumer Goods manufacturing companies on the Nigerian Stock Exchange (NSE).

Method of Data Analysis

Ordinary Least Square was used to test the relationship between the independent variables and the dependent variable. This was done with aids of the E-view 9.0 at 95% confidence at five degree of freedom (df).

Decision Rule

The decision for the hypotheses is to accept the alternative hypotheses if the p-value of the test statistic is less or equal than the alpha and to reject the alternative hypotheses if the p-value of the test statistic is greater than alpha at 5% significance level.

Model Specification

The specified simple regression estimated model takes the following form:

$$TAC_{it} = a_0 + \mu_i + \beta_1 AUDFE_{it} \sum_{it} \quad \text{(i)}$$

$$TAC_{it} = a_0 + \mu_i + \beta_2 AUDTN_{it} \sum_{it} \quad \text{(ii)}$$

Where

TAC = Total accrual (TA) is computed using the balance sheet approach (Jones, 1991):

$$TAC_{it} = \Delta CA_{it} - \Delta CASH_{it} - \Delta CL_{it} + \Delta STDEBT_{it} - DEPTN_{it}$$

AUDFE = Audit Fees

AUDTN = Audit Tenure

Test of Hypotheses

Hypothesis One

H_1: Audit fees have a significant effect on discretionary accruals of Nigerian manufacturing companies.

Table 1: Panel Least Squares output for hypothesis two

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.047134	0.079776	-0.590829	0.5555
AUDIT FEE	1.08E-09	1.14E-09	0.946759	0.3452
Effects Specification				
Period fixed (dummy variables)				
R-squared	0.176269	Mean dependent var		0.068089
Adjusted R-squared	0.104755	S.D. dependent var		0.389126
S.E. of regression	0.388200	Akaike info criterion		1.019630
Sum squared resid	23.35837	Schwarz criterion		1.261366
Log likelihood	-72.64896	Hannan-Quinn criter.		1.117738
F-statistic	2.066484	Durbin-Watson stat		1.299587
Prob(F-statistic)	0.039211			

Source: E-Views 9

The Table above shows that the R-squared (R^2) is a statistical measure that represents the proportion of variance in the dependent variable due to changes in the independent variables in a regression model. The R^2 value is 0.176; i.e., 17.6% variation is explained by the predictor variables. The Adjusted R-squared has been adjusted for the number of predictors in the model; the Adjusted R-squared was 0.104; i.e., the explanatory variables account for 10.4% variation of the dependent variable, discretionary accruals. The statistical significance of the model showed a value of 2.066; p value <.05; therefore the hypothesis that all the regression coefficients are zero is rejected. However to validate the hypothesis, the p-value of Audit Fees is 0.5555; which is greater than the chosen critical value at 5% significance level. Thus, the study concludes that there is a non-significant positive relationship between audit fees and discretionary accruals, hence, H_o is accepted and H_1 is rejected.

Hypothesis Two

H_1: There is a significant effect of audit firm tenure on discretionary accruals of Nigerian manufacturing companies.

Table 2: Panel Least Squares output for hypothesis one

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.437389	0.124656	-3.508765	0.0006
AUDIT TENURE	0.397648	0.097787	4.066477	0.0001
Effects Specification				
Period fixed (dummy variables)				
R-squared	0.260491	Mean dependent var		0.068089
Adjusted R-squared	0.195496	S.D. dependent var		0.389126
S.E. of regression	0.370080	Akaike info criterion		0.924027
Sum squared resid	21.22866	Schwarz criterion		1.165763
Log likelihood	-64.61829	Hannan-Quinn criter.		1.022135
F-statistic	2.469306	Durbin-Watson stat		1.326069
Prob(F-statistic)	0.005587			

Source: E-Views 9

The Table above shows that the R-squared (R^2) is a statistical measure that represents the proportion of variance in the dependent variable due to changes in the independent variables in a regression model. The R^2 value is 0.260; i.e., 26.0% variation is explained by the predictor variables. The Adjusted R-squared has been adjusted for the number of predictors in the model; the Adjusted R-squared was 0.195; i.e., the explanatory variables account for 19.5% variation of the dependent variable, discretionary accruals. The statistical significance of the model showed a value of 2.469; p value <.05; therefore the hypothesis that all the regression coefficients are zero is rejected. However to validate the hypothesis, the p-value of Audit Firm Tenure is 0.0001; which is less than the chosen critical value at 5% significance level. Thus, leads to the conclusion that there is a significant positive relationship between audit firm tenure and discretionary accruals, hence, H_o is rejected and H_1 is accepted.

The hypothesis one showed that audit fees had a non-significant positive effect on discretionary accruals of quoted consumer goods manufacturing firms. This is consistent with the study by Tobi, Osasrere, and Emmanuel (2016) however but used a sample of Deposit Money Banks showed a non-significant positive relationship between audit fees and audit quality. However, the study by Rahmina and Agoes (2014) in Indonesia showed that auditor independence and audit fee both had a positive significant effect on audit quality.

The hypothesis two revealed a significant positive effect of audit firm tenure on discretionary accruals of quoted consumer goods manufacturing firms. In Nigeria, this is consistent with studies by Aliu, Okpanachi, and Mohammed (2018) using a sample of firms in the downstream sector and binary logit regression. Umaru (2014) using a sample of listed building material firms and Ordinary Least Squares showed that audit firm independence have a significant positive impact on financial reporting quality. Also, Okolie (2014a) using a sample of non-financial firms from 2006 to 2011 showed that audit tenure and auditor independence exert significant effect on the level of discretionary accruals.

Conclusion and Recommendations

The empirical results revealed that the study determined the effect of external auditor's independence on accounting quality of Nigerian manufacturing companies that there is a significant positive effect of audit firm tenure on discretionary accruals of Nigerian manufacturing companies. Also that audit fees has a non-significant positive effect on discretionary accruals of Nigerian manufacturing companies. Auditors' are responsible for certifying the true and fairness of financial statements. The present study investigates the effect of audit firm tenure, Audit fees, audit firm size, and degree of competition on the level of discretionary accruals as surrogate for accounting quality. The results showed mixed findings. Two proxies audit firm tenure and audit firm size showed a significant positive effect; while, audit fees and degree of competition showed non-significant positive effect.

Recommendations

Based on the empirical results above, the study makes the following recommendations:

1. Firms are advised to consider use of industry-specialist auditors against the consideration of 'name' alone such like the use of Big 4.
2. In order to avoid risk posed from familiarity threat when the accounting firm develops a close relationship with management a lengthy audit firm tenure should be abolished.

REFERENCES

[1] Adeniyi, S. I., & Mieseigha, E. G. (2013). Audit tenure: an assessment of its effects on audit quality in Nigeria. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 3*(3), 275-283.

[2] Adeyemi, S. B., & Okpala O. (2011). The impact of audit independence on financial reporting: Evidence from Nigeria. *Business and Management Review, 1*(4), 9-25.

[3] Aguolu, O. (2008). *Fundamentals of Auditing*. Enugu: Institute for Development Studies.

[4] AICPA, (2006). ET Section 100.01, Conceptual Framework for AICPA Independence Standards, paragraph 6. Available online at: www.aicpa.org/download/ethics/Ethics_Interpretation_101-1_and_Conceptual_Framework.pdf

[5] Aliu, M. M., Okpanachi, J., & Mohammed, N. A. (2018). Auditor's independence and audit quality: An empirical study. *Accounting & Taxation Review*, *2*(2), 15-27.

[6] Akpom, U. N., & Dimkpah, Y. O. (2013). Determinants of auditor independence: A comparison of the perceptions of auditors and non-auditors in Lagos, Nigeria. *Journal of Finance and Accountancy, 12*(9), 1-17.

[7] Balakrishnan, K., & Cohen, D. (2011). Product market competition and financial accounting misreporting. Working paper, University of Pennsylvania. Available online at: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.225.811&rep=rep1&type=pdf

[8] Blankley, A. I., Hurtt, D. N., & MacGregor, J. E. (2012). Abnormal audit fees and restatements. *Auditing: A Journal of Practice & Theory*, *31*(1), 79-96.

[9] Cahan, S. F., & Sun, J. (2015). The effect of audit experience on audit fees and audit quality. *Journal of Accounting, Auditing & Finance*, *30*(1), 78-100.

[10] Carey, P., & Simnett, R. (2006). Audit partner tenure and audit quality. *The Accounting Review*, *81*(3), 653-676.

[11] Chadegani, A. A., Mohamed, Z. M., & Jari, A. (2011). The determinant factors of auditor switch among companies listed on Tehran Stock Exchange. *International Research Journal of Finance and Economics*, *80*(1), 158-169.

[12] Chen, C., Lin, C., & Lin, Y. (2008). Audit partner tenure, audit firm tenure, and discretionary accruals: Does long-term auditor tenure impair earnings quality? *Contemporary Accounting Research*, *25*(2), 415-445.

[13] Chersan, I. C., Robu, I. B., Carp, M., & Mironiuc, M. (2012). A circular causality analysis on the determinants of the audit fees within the NYSE-quoted companies. *Communications of the IBIMA*, *2012*, 1.

[14] Chi, W., Huang, H., Liao, Y., & Xie, H. (2009). Mandatory audit partner rotation, audit quality, and market perception: Evidence from Taiwan. *Contemporary Accounting Research*, *26*(4), 359-391.

[15] Choi, J. H., Kim, J. B., Liu, X., & Simunic, D. A. (2009). Cross-listing audit fee premiums: Theory and evidence. *The Accounting Review*, *84*(5), 1429-1463.

[16] 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.

[17] Enofe, A. O., Mgbame, C., Okunega, E. C., & Ediae, O. O. (2013). Audit quality and auditors independence in Nigeria: An empirical evaluation. *Research Journal of Finance and Accounting*, *4*(11), 131-138.

[18] Eshleman, J. D., & Guo, P. (2014). Abnormal audit fees and audit quality: The importance of considering managerial incentives in tests of earnings management. *Auditing: A Journal of Practice & Theory*, *33*(1), 117-138.

[19] Ewert, R., & Wagenhofer, A. (2010). Earnings quality metrics and what they measure. Working paper, University of Graz. Available at *SSRN 1697042*.

[20] Gay, G., & Simnett, R. (2003). *Auditing & Assurance Services in Australia* (2nd Ed.). Sydney, Australia: McGraw-Hill.

[21] Gray, I., & Manson, S. (2000). *The Audit Process Principles, Practices and Cases* (2nd Ed.). London: Business Press.

[22] International Accounting Standards Board [IASB], (2005). Framework for the preparation and presentation of financial statements (Framework). In: International Financial Reporting Standards (IFRSs), United Kingdom: IASCF.

[23] International Federation of Accountants [IFAC], (2009). *Handbook of Code of Ethics for Professional Accountants*. Available online at: http://www.ifac.org/sites/default/files/publications/files/2012-IESBA-Handbook.pdf.

[24] Knechel, W. R., & Vanstraelen, A. (2007). The relationship between auditor tenure and audit quality implied by going concern opinions. *AUDITING: A Journal of Practice & Theory*, *26*(1), 113-131.

[25] KPMG, (2014). Guide to audit quality and the external auditor. Available online at: https://home.kpmg/content/dam/kpmg/pdf/2014/10/KPMG-NZ-Guide-to-audit-quality-and-external-auditor-electronic-form.pdf

[26] Lee, H. Y., Mande, V., & Son, M. (2009). Do lengthy auditor tenure and the provision of non-audit services by the external auditor reduce audit report lags?. *International Journal of Auditing*, *13*(2), 87-104.

[27] Liu, J., Wang, Y., & Wu, L. (2011). The effect of guanxi on audit quality in China. *Journal of Business Ethics*, *103*(4), 621.

[28] Louwers, T. J., Ramsay, R. J., Sinason, D. H., & Strawser, J. R. (2007). *Auditing and Assurance Services*. New York, NY: McGraw-Hill.

[29] Mansi, S. A., Maxwell, W. F., & Miller, D. P. (2004). Does auditor quality and tenure matter to investors? Evidence from the bond market. *Journal of Accounting Research*, *42*(2), 755-793.

[30] Nozarpour, M. (2014). Surveying the relationship between the auditor independence and rate of audit fees change in Tehran Stock Exchange (Iran). *World Rural Observations*, *6*(3), 106-110.

[31] Odanga, H. (2016). *The Impact of Audit Firm Tenure, Client Importance and Auditor Reputation on Audit Quality: Evidence from Listed Firms in Kenya* (Unpublished Thesis). School of Business, University of Nairobi, Kenya.

[32] Okike, E., & Adegbite, E. (2012). The code of corporate governance in Nigeria: Efficiency gains or social legitimation? *Corporate Ownership and Control*, *95*(3), 262-275.

[33] Okolie, A. O. (2014a). Auditor tenure, auditor independence and accrual – based earnings management of quoted companies in Nigeria. *European Journal of Accounting Auditing and Finance Research*, *2*(2), 63-90.

[34] Olowookere, J. K., & Inneh, G. E. (2016). Determinants of external auditors' choice in Nigerian quoted manufacturing companies. *Kuwait Chapter of the Arabian Journal of Business and Management Review*, *5*(9), 10-22.

[35] O'Sullivan, N. (2000). The impact of board composition and ownership on audit quality: Evidence from large UK companies. *British Accounting Review*, *32*(4), 397-414.

[36] Richardson, S. A., Sloan, R. G., Soliman, M. T., & Tuna, A. (2001). Information in Accruals about the Quality of Earnings. Working paper, University of Michigan Business School, Ann Arbor, MI. *Available at SSRN 278308*.

[37] Stanley, J. D., & DeZoort, F. T. (2007). Audit firm tenure and financial restatements: An analysis of industry specialization and fee effects. *Journal of Accounting and Public Policy, 26*(2), 131-159.

[38] Tarak, SM III (2016). The impact of the audit quality on that of the accounting profits: The case of companies listed on the TSE. *International Journal of Managing Value and Supply Chains (IJMVSC)*, *7*(1), 39-54. http://dx.doi.org/10.5121/ijmvsc.2016.7104

[39] Umaru, D. (2014). *Audit Attributes and Financial Reporting Quality of Listed Building Material Firms in Nigeria* (Unpublished Thesis). Ahmadu Bello University, Zaria, Kaduna State, Nigeria.

[40] Xinyuan, C., & Lijun, X. (2006). Auditor tenure and Audit Quality: Empirical Evidence from the Chinese Securities Market [J]. *Accounting Research*, *1*. Available online at: http://en.cnki.com.cn/Article_en/CJFDTotal-KJYJ200601008.htm

[41] Yuniarti, R. (2011). Audit firm size, audit fee and audit quality. *Journal of Global Management*, *2*(1), 84-97.

[42] Yuqing, S., Wuchun, C., & Yong, Z. (2008). Audit partner tenure, audit firm tenure and audit quality [J]. *Chinese Journal of Management*, *2*. Available online at: http://en.cnki.com.cn/Article_en/CJFDTOTAL-GLXB200802031.htm