

EMPIRICAL ANALYSIS OF FACTORS AFFECTING AUDITOR QUALITY: EVIDENCE FROM LISTED FIRMS IN THE SERVICE SECTOR OF NIGERIAN STOCK EXCHANGE

Dr. Okeke P. C.

Accountancy Department, Chukwuemeka Odumegwu Ojukwu University, Anambra – NIGERIA
Email: neduokekef7@yahoo.com

ABSTRACT

This research reviewed the factors that effects audit quality of firms listed in the service sector of Nigerian Stock Exchange. Ex-post facto research design was used for this study and secondary data were sourced from annual reports of fourteen out of twenty-five firms listed under the Services Sectors of Nigerian Stock Exchange as at 31st December 2019. The study covered a period of ten years from 2010 to 2019. Data collected was subjected to preliminary analysis using descriptive statistics and correlation analyses. The formulated hypotheses were tested using binary regression with the aid of STATA software. Result revealed that that audit independence has significant effect of audit quality, audit tenure has no significant effect of audit quality, joint audit has significant effect of audit quality. Simultaneously audit independence, audit tenure and joint audit simultaneously has significant effect on audit quality. Based on the findings, the study therefore recommends. The use of optimal audit fee to keep the auditor in the right track in their practices. Regulation of tenure of audit firm to prevent relationships that will likely reduce audit quality. Further regulation of joint audit to reverse its negative and significant effect on audit quality of services sectors listed in Nigerian stock exchange.

Keywords: Audit Quality, Audit Independence, Audit Tenure, Joint Audit, Service Sector, Reporting Quality.