E-ISSN: 2708-4523
P-ISSN: 2708-4515
AJMC 2024; 5(1): 454-461

www.allcommercejournal.com
Received: 21-01-2024
Accepted: 03-03-2024

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Audit firm attributes and the nature of financial reporting quality of consumer goods firms in Nigeria

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Abstract
This research primarily examined the perceived influence of audit firm attributes on the nature of the quality of financial reporting among consumer goods companies in Nigeria by obtaining empirical evidence from a ten-year period (2013 to 2022). Relevant data were sourced from sampled firms' published annual reports and the attributes of audit firms examined were audit firm size, audit tenure, audit fees, and joint audit; whereas, the nature of financial reporting quality was measured with reference to the length of audit report lag so that where audit report lag is above 180 days, the quality of financial report is deemed to be low and the reverse is the case where audit report lag is below 180 days. Relevant descriptive statistical tools were applied to examine the nature of the data while the panel logistic regression analysis was the basis of the test of hypothesis. Overall, the analytical outcome indicated that apart from joint audit, most audit firm attributes are not significant determinants of the nature of the quality of financial reports of listed consumer goods firms in Nigeria. We therefore recommend that auditee firms should institute stringent but well-regulated engagement policies for auditors that will regulate the pricing, tenure and the nature/type of auditors that would be engaged from time to time. Also, since the amount of audit fees does not guarantee high reporting quality, auditee firms should be discouraged from paying very high fees for audit service.

Keywords: Audit fees, reporting quality, audit tenure, joint audit, Nigeria, auditing

1. Introduction

Financial reports are channels through which organizations generally communicate information about their overall health to interested parties/stakeholders. It therefore means that to guarantee informed judgment, preparers of financial reports are expected to produce statements/financial reports of high-quality which Shan and Troshani (2021) [35] described as financial reports that are impartial, error free, comprehensive, and comparable, with high degree of predictive and confirmatory value. Notably, the quality of financial reports has sometimes been described with emphasis on accurate reporting periods and the financial standing of the company at the conclusion of the reporting period (Shuraki, Pourheidari, Azizkhani, 2020) [36]. The focus of researchers in this school of thought is on audit report lag which describes the time lag between the financial year end of a company and the date in which the auditor's report was made available to the public. However, since the relevance of financial information can be enhanced by the timely provision of financial reports (Odjaremu & Jeroh, 2019) [25], it follows therefore that where audit reports are provided on time, their relevance will probably be enhanced with little or no questions about the integrity of financial reporting.

However, while we observe a growing interest on the nature and quality of financial reports, it is evident that no consensus has been reached by prior researches on the key drivers of financial reporting quality. Succinctly, in unveiling the determinants of the quality of financial reporting, previous researches have examined variables like corporate governance measures, earnings management, leverage, litigation risk, Liquidity, profitability, tax policies and firm size (Mahboub, 2017; Irwandi & Pamungkas, 2020; Ciocan, Carp & Georgescu, 2021; Awodiran & Ogundele, 2022; Adebayo, 2022) [21, 16, 10, 6, 1].

Notwithstanding the aforesaid, studies have also examined the influence which audit firm attributes and other variables may possibly have on either the quality of audits or on the quality of financial reporting (Olaoye & Akintayo, 2021; Adebayo, 2022) [28, 1]. Though the findings of previous researches on financial reporting quality and/or audit firm attributes may have provided relevant foundations and insights in understanding how identifiable financial data explains the quality of financial reports/financial information, it is evident that these

prior studies have not clearly ascertained how the nature of financial reporting quality (high and low reporting quality) could be explained by audit firm attributes or related variables. This however creates a knowledge gap which forms the thrust of this current study.
Noteworthy, from the review of previous researches, the attributes of audit firms have mostly been measured with reference to variables like audit firm size, joint audit, audit tenure, audit fees, auditor busyness, auditors' specialization and type of audit firm (Muhammad, 2020; Daferighe & George, 2020; Ozegbe & Jeroh, 2022; Appah, Onowu, Audu, & Tonye, 2022; Dijeh, Ofor & Odubuasi, 2022; Izukwe & Jeroh, 2022; Adeusi, 2023; Orjinta & Abazu, 2023) [24, 11, 31, 2, 5, 12, 17, 2]. Among the lists of prior findings, it has been argued that where firms are audited by the Big4s (Deloitte, PWC, Ernst & Young and KPMG), they are less likely to be engaged in income smoothing; thus, improving the quality of financial reports of firms. Also, research evidences have suggested that efforts at raising audit fees decreases accounting manipulations and improves financial reporting quality (Bala, Amran & Shaari, 2018; Bhuiyan, Salma, Roudaki & Tavite, 2020) [4, 8]. With regards to size, opinion and tenure, results have shown that audit firm size, audit opinion and tenure had significant positive influence on firms' financial reporting quality (see Olaoye & Akintayo, 2021; Adeyemi, Adeleye & Agbaje, 2023) [28, 3].
While the aforesaid findings provide insights on the drivers of financial reporting quality, no doubt, the influence of these variables on the nature of financial reporting quality have not been explored. From this perspective, we argue that the quality of financial reports could be classified as high or low depending on the magnitude of manipulation, earning smoothing and information asymmetry. This research is thus distinguished from previous studies as it attempts to measure the nature of financial reporting quality by establishing reports that are of high quality and financial reports that of low quality and simultaneously assessing the influence of audit firm attributes on these divides of financial reporting quality.

2. Literature Review and Hypotheses Development

2.1.1 Audit-Firm Size and Financial Reporting Quality

Audit firm size is a concept that describes the magnitude or scale of identifiable audit firms which in most cases are measured with factors like annual revenue, the number of employees or audit professionals, market share, number of clients, resources at the disposal of the audit firms or their geographical presence. The size of audit firms varies significantly and may range from small to large multinational corporations. Studies have used the size of audit firms as surrogates for audit quality and have reported that larger audit firms tend to have more reputation to safeguard and may likely offer more independent service that may be of higher quality since they have more research facilities and talented employees, better financial resources and superior technologies (Salehi, Mansoury & Pirayesh, 2009; Ozegbe & Jeroh, 2022) [32, 31].
It has also been argued that the resources available to large audit firms (often referred to as the Big4) makes it easier for them to attract more clients and build very strong client base and resilience to pressures from the management of auditee firms; thereby reducing the extent of dependence on any individual or group of clients (Ozegbe & Jeroh, 2022) [31]. Contrary to this argument, smaller audit firms, sometimes known as non-big 4 firms, prioritize the provision of personalized services given their limited client base, which may force them to comply with managements' pressures and requests in certain circumstances (Chen, Cheng & Liu, 2021; Ayora & Ogeto, 2022) [9, 7].
Arguably, financial reporting quality and the sizes of audit firms are known interconnected concepts in accounting and auditing discourse. While audit firm size pertains to the size and scale of operations of audit firms engaged in the conduct of independent examination of the financial reports of companies, financial reporting quality on its part refers to the extent to which financial information accurately and reliably represents the underlying economic reality of reporting entities.
Nevertheless, the perceived relationship between audit firm size and financial reporting quality though complex and multifaceted, further empirical research that will guide future regulatory developments are essential for the understanding and enhancement of financial reporting quality within the accounting and auditing profession. In this light we therefore hypothesize as follows:

H_{O1}: The size of audit firms has no significant influence on the quality of financial reporting in consumer goods firms in Nigeria.

2.1.2 Audit Fees and Financial Reporting Quality

In the conduct of their statutory obligation and report on the financial statements so prepared by the management of organizations, auditors are bound to follow certain audit procedures. The nature of existing controls in place and available records and record keeping systems in the auditee firm sometimes determine the extent of job to be done by the auditors.
In practice, auditors sometimes find themselves rendering other specialized non-audit services in addition to the statutory audit service expected of them. Expectedly, for all such professional services rendered by the independent auditors, the auditee companies in return make payments in compensation for the efforts put in by the auditors (Shakhatreh, Alsmadi & Alkhataybeh, 2020) [34]; such payments are referred to as audit fees. Impliedly, audit fees are the totality of charges for professional services rendered by independent and registered accounting firms for the statutory audit of, and/or review of comparative interim financial statements of companies.
Higher audit fees are indications that more rigorous auditing procedures may possibly have been involved in a particular audit engagement. Such rigorous procedures may include but not limited to in-depth and extensive testing of financial and other data, in-depth and detailed examination of existing internal controls, increased scrutiny of management representations among others. Arguably, higher audit fees can signal higher commitment towards ensuring that the information contents of financial reports are accurate and reliable, which ultimately contributes to higher financial reporting quality (Moizer, 1997; Shakhatreh, Alsmadi & Alkhataybeh, 2020) [22, 34].
Notably, audit fees and financial reporting quality have dynamic relationship within the realm of corporate governance and financial transparency. As observed, Serly and Helmayunita (2019) [33] notes that audit fees have significant positive influence on the reporting integrity of Indonesian firms. In similar vein, Daferighe and George

(2020) [11] stressed that audit fees exerts significant influence on the quality of financial reports of manufacturing companies in Nigeria. Opposed to these arguments, Karsemeijer (2012) [20] believes that higher audit fees increase the level of economic bonding between auditors and their clients, thus, reducing the level of auditors' professional independence and quality. Lower fees sometimes increase clients' loyalty to auditors since the amounts charged as fees may be below the average market rates. Such loyalty may culminate into auditors tolerating managements' misstatements or possible aggressive accounting practices that may have negative effect on financial reporting quality.

With these arguments in place, the likely influence which audit fees may have on the nature of financial reporting quality of consumers goods companies seems unclear. Would audit fees spur higher or lower reporting quality? Efforts to unravel this puzzle led to the following hypothesis:

H$_{O2}$: There is no significant relationship between audit fees and the nature of financial reporting quality of consumer goods companies in Nigeria.

2.1.3 Audit Tenure and Financial Reporting Quality

Audit tenure is the period or consecutive years of engagement of audit firms by identifiable companies for the conduct of statutory audits. Audit tenure has remained one critical aspect of the auditing process so that its relationship with the quality of financial reporting has attracted considerable academic debates in accounting, corporate governance and related fields; though, with conflicting conclusions. For instance, some studies have argued in support for longer audit tenure since according to them, auditors who have been engaged with clients for extended periods tend to develop deeper insights with more understanding of the operations, inherent controls and financial systems of familiar clients. The presumed familiarity with clients over time may largely contribute to auditors' ability in effectively identifying and dealing with peculiar risks, thereby providing high-quality audit services. It therefore means that longer audit tenure may give auditors the opportunity of properly refining and aligning their audit procedures over time, thus leading to a more effective and thorough audits.

However, critics to the proponents of longer tenure contend that longer audit tenure may likely compromise auditors' independence since auditors are prone to becoming too close to their respective clients which may spur familiarity threats that may cause them to pay less attention to errors and related issues in financial reporting. In addition, the risk that auditors may become complacent or rely too heavily on standardized procedures, which could compromise the quality of the audit need not be overemphasized as longer audit tenure may succinctly expose auditors to greater pressure from clients who may possibly clamour for favourable audit opinions. This pressure can potentially influence auditor judgment and compromise the integrity of the audit process. The bane of contention here is that shorter audit tenure may possibly reduce the likelihood of pressures from clients and possible biases, thereby guaranteeing more impartial and accurate financial reporting.

No doubt, the relationship between audit tenure and financial reporting quality presents a complex and multifaceted phenomenon predetermined by factors like the level of auditors' independence, familiarity with clients, audit procedures, regulatory requirements, and client pressures. While longer audit tenure may offer certain benefits in terms of expertise and efficiency, it also raises concerns about independence and objectivity. Although regulatory measures such as mandatory audit firm rotation were proposed to address these concerns, but their effectiveness in improving financial reporting quality remains subject to debate and empirical investigation. Also, the bulk of prior researches on the relationship between audit tenure and financial reporting quality has not addressed the concern on the extent to which audit tenure explains the nature of financial reports which may either be of high or low quality. In this context, we therefore hypothesize that:

H$_{O3}$: Audit tenure does not have significant relationship with the nature of financial reporting quality among consumer goods firms in Nigeria.

2.1.4 Joint Audit and Financial Reporting Quality

Joint audit occurs where more than one audit firm is appointed to simultaneously audit the accounts of a company for a relevant financial year. Rather than having a single audit firm that is solely responsible for the audit of the accounts of companies, under joint audit, the audit assignment is divided among multiple auditing firms such that each participating audit firm audits the company's financial statements, covering different aspects or constituents of the audit. Apparently, in joint audit tasks, the independent auditors engaged to provide an opinion on the financial statements of companies are usually more than one. Monye-Emina and Jeroh (2022) [23] maintained that such engagements will contribute to improved audit quality since the services of participating independent auditors in such joint assignment may copiously serve as checks in the audit engagement.

Research outcomes indicate that while joint audit increases auditor independence and lowers the possibility of auditor collusion, there is the likelihood that auditee firms would incur more costs as audit fees when joint auditors are engaged (Monye-Emina & Jeroh, 2022) [23]. Contrary to this position, Ekwueme and Olufemi (2020) [13] found that joint audits do not exert significant effect on audit fees. While proponents of the need for mandatory joint audits argue that financial reporting quality will improve through joint audit (Oyebamij, 2021) [30], other research outcomes (Odubuasi, Amahi & Kainene, 2023; Imafidon, Josiah & Agbo, 2023) [26, 15] are of the view that joint audits show no statistically significant influence on the quality of financial reporting.

Nevertheless, while this study maintains that previous research outcomes on joint audits have provided useful insight on the benefits of joint audits and its influence on the quality of the over audit opinion, it is evident that prior researches in this domain have not explained the influence of joint audit on the nature of financial reporting quality. To ascertain whether joint audit exerts significant influence on the nature of financial reporting quality - existence of high or low reporting quality, thus study thus hypothesize that:

H$_{O4}$: Joint audit does not exert significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria.

2.2 Conceptual Model of the Study

The conceptual model was designed to diagrammatically explain the linkage between the surrogates of audit firm attributes and the proxy for financial reporting which this study seeks to address.

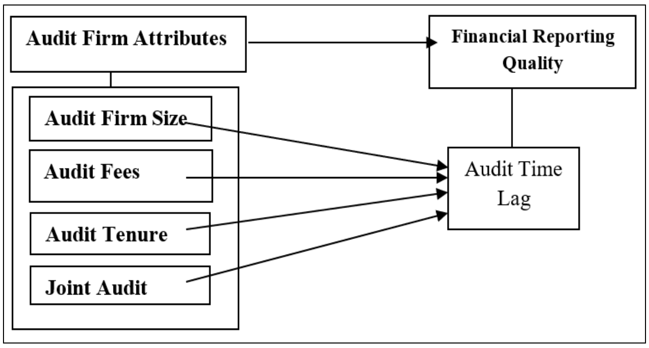

Fig. 1: Conceptual model explaining the linkage between audit firm attributes and the nature of financial reporting quality

3. Methodology

The ex-post facto research design was applied in this study to examine how measures of audit firm attributes associates with the nature of the quality of financial reporting. Data used in this study to examine this relationship and test the relevant hypotheses are secondary in nature and were obtained from the financial statements of 16 consumer goods firms that were sampled in the course of the study. The data covered a ten-year period (2013-2022) and were obtained from the database of Machameratios. Analysis of data was done with selected descriptive statistics alongside relevant inferential statistical tools. Specifically, the hypotheses were tested based on the outcome of the panel fixed effect logistic regression method in line with the specified regression model highlighted in the following section.

3.1 Model Specification

The composite model that is relevant to this study is highlighted below:

$$FRQ = \alpha_0 + \beta_1 AFSit + \beta_2 ASF_{it} + \beta_3 ATN_{it} + \beta_4 JA_{it} + uit \quad \textit{Eqn1}$$

Where
FRQ = Financial reporting Quality
AFS = Audit Firm Size.
ASF = Audit fees.
ATN = Audit Tenure
JA = Joint Audit
i = ith firm
t = time period
u_t = Stochastic term.

The apriori signs are $\partial_1 < 0$, $\partial_2<0$, $\partial_3< 0$, $\partial_4<0$ $\partial_5> 0$, $\partial_6<0$, $\partial_7< 0$, $\partial_8<0$

3.2 Measurement and Description of Variables

The variables used in this study are operationalized and described in Table 1.

Table 1: Variable Measurement and Source

Variable	Symbol	Nature of Variables	Measure	Apriori
Nature of Financial Reporting Quality	FRQ	Dependent	Audit time lag. If the audit time lag is 180 days or less, it is denoted as 1; indicating high financial reporting quality; otherwise 0, indicating low financial reporting quality.	
Audit Firm Size	AFS	Independent	If the firm is audited by any of the Big 4 it is denoted as 1, indicating large audit firms; otherwise 0 for small audit firms	+
Audit fees	ASF	Independent	Log of the Annual amounts paid to auditors by the auditee firms.	+
Audit Tenure	ATN	Independent	If audit tenure exceeds 2 years it will be denoted as 1 indicating long period; otherwise 0 for short period.	+
Joint Audit	JA	Independent	If the firm is Audited by 2 or more Audit firms it is donated as 1; otherwise 0	+

***Source*:** Researchers' Compilation, 2023

4. Results and Discussion

4.1 Preliminary and Requisite Tests

In regression analysis, it is necessary to ascertain whether the basic econometric modeling assumptions are upheld. This will largely determine the suitability of the regression outcome and their relevance to policy formulations. With this in mind, relevant pre and post estimation tests were conducted and their results are presented hereunder:

4.1.1 Descriptive Statistics

Table 2: Summary Statistics

Variables	Mean	Std. Dev	Min. Value	Max. Value	Observations
FRQ	0.7000	0.4597	0.00	1.00	160
AFS	0.7875	0.4104	0.00	1.00	160
ASF	4.2183	0.1575	4.00	5.22	160
ATN	0.6813	0.4675	0.00	1.00	160
JA	0.6750	0.4699	0.00	1.00	160

***Source*:** Regression Outcome, 2023.

Table 2 presents outcomes relating to the summary statistics for all variables in the study. Financial reporting quality (FRQ) recorded mean value of 0.70 with 0.4597 as its standard deviation. Similarly, the mean for audit firm size (AFS) is 0.7857 while its standard deviation is 0.4104. Furthermore, audit fees (ASF) recorded a mean value of 4.2183 and a standard deviation of 0.1575. Audit tenure (ATN) and Joint Audit (JA) recorded mean values of 0.6813 and 0.6750 respectively with corresponding standard deviations of 0.4675 and 0.4699 respectively. Apart from audit fees (ASF) which had minimum and maximum values of 4.00 and 5,22 respectively, the minimum and maximum values for the study's variables were 0 and 1 respectively. This is expected since most of these variables were qualitative attributes that were quantified by means of binary numbers (dummy variables of 1 and 0). Worthy of mention is the fact that since ATN and JA had 0 and 1 as their minimum and maximum values, the obvious is that within the study period, there are companies that engaged the services of specific external auditors for longer periods in other cases, audit firms were engaged for shorter periods. Similarly, while single audit firms were engaged in most cases, there are instances were listed consumer goods companies in Nigeria engaged joint audits for certain financial year audit. Notably, the low standard deviation across all variables is suggestive of the presence of low level of variability among the dataset since the data collated for the sampled firms did not deviate significantly (±) from the mean.

4.1.2 Test Normality of Data

Table 3: Summary of Normality Test

Variables	Obs	W	V	Z	Prob > Z	Conclusions
FRQ	160	0.98987	1.245	0.499	0.30899	Normally Distributed
AFS	160	0.97312	3.305	2.720	0.00327	Not Normally Distributed
ASF	160	0.79377	25.363	7.355	0.00000	Not Normally Distributed
ATN	160	0.99206	0.977	-0.053	0.52119	Normally Distributed
JA	160	0.99271	0.897	-0.247	0.59754	Normally Distributed

***Source*:** Regression Outcome, 2023

The result for the normality test which was conducted with the Shapiro Wilk W test for normal data is presented in Table 3. As shown in the table, at 5% significance level, the data for FRQ, ATN and JA were normally distributed having obtained probability values that were greater than 0.05 in each case. Contrary to this, with a probability value of 0.00327 and 0.00000 respectively, it is evident that the data for AFS and ASF are not normally distributed. With these results, it becomes more appropriate to deploy the Spearman rank correlation coefficient for the purpose of this study' correlation analysis.

4.1.3 Result for Correlation Analysis

Table 4: Summary of Spearman Rank Correlation Analysis

	FRQ	AFS	ASF	ATN	JA
FRQ	1.0000				
AFS	0.0934	1.0000			
	(0.2403)				
ASF	-0.0267	-0.0093	1.0000		
	(0.7372)	(0.9074)			
ATN	0.0790	0.0709	0.0548	1.0000	
	(0.3206)	(0.3730)	(0.4915)		
JA	0.1572*	-0.0343	-0.0490	-0.0165	1.0000
	(0.04781)	(0.6672)	(0.5384)	(0.8363)	

***Source*:** Regression Outcome, 2023
*significant at 5%; p-values in parenthesis.

From Table 4, it is evident that apart form ASF which recorded a negative coefficient of -0.0267, all the explanatory variables had positive coefficients, with only JA indicating a strong positive relationship with FRQ. Note that the p-values obtained for AFS, ASF, and ATN are above 0.05 indicating a weak relationship between these variables and FRQ.

4.1.4 Test for Multicollinearity and Heteroscedasticity

The Breusch-Pagan/Cook-Weisberg test for heteroscedasticity and the Variance Inflation Factor (VIF) tests were also conducted and the outcomes are presented in Table 5.

Table 5: VIF and Hettest Outcomes for Independent Variables

Variable	ATN	ASF	AFS	JA	Mean VIF	Test For Chi2(1)	Heteroscedasticity Prob > Chi2
VIF	1.01	1.01	1.01	1.00	1.01	1.51	0.2193
1/VIF	0.9856	0.9887	0.9916	0.9982			

***Source*:** Regression Outcome, 2023

From Table 5, the computed values for the VIF for the respective independent variables did not exceed the widespread accepted VIF threshold of 10 (That is, 1.01:1.00<10.00).
Specifically, since the calculated mean VIF of 1.01 is below the value of 10, it means that the data for the independent variables do not have multicollinearity concerns which however confirms the fitness of the study's specified models (see Jeroh, 2016; Ezinando & Jeroh, 2017; Ukolobi & Jeroh, 2020; Jeroh & Efeyunmi, 2022) [19, 14, 37, 18]. In related vein, with respect to the test for the presence or otherwise of heteroscedasticity, one would observe that the value for Chi2(1) was 1.51 with a probability value of 0.2193. With this result, it is evident that the data are homoscedastic.

4.2 Test of Hypotheses

Recall that the dependent variable for this study (FRQ) was measured using dummy variable (see Table 1). Since the panel data for the dependent variable is dichotomous, it becomes appropriate to estimate the model using the panel logistic regression analysis. With the results of the multicollinearity and heteroscedasticity tests, it is obvious that the data for each of the variables are independent across the entire panel. Also, given that the error in the observations for the model is uncorrelated across the entire panel over time, the logistic fixed effect tests was used as the basis for the test of the hypotheses. The outcome is presented in Table 6.

Table 6: Result for panel fixed effect logistic regression

Dependent Variable: FRQ				
Total Panel (Balanced) Observations: 160				
Variable	**Coefficient**	**Std. Error**	**z-Stat**	**P > | z |**
AFS	0.5528413	0.4307064	1.28	0.199
ASF	0.1936137	1.2982920	0.15	0.881
ATN	0.3703614	0.3681759	1.01	0.314
JA	0.7286445	0.3606525	2.02	0.043
LR Chi2(4)	6.46	Log Likelihood		-73.372236
Prob > chi2	0.1676	Observation per group		10

Source: Regression Outcome, 2023

The outcome in Table 6 is in respect of the test of the formulated hypotheses. The coefficients for all the variables were positive indicating that financial reporting quality has a positive relationship with the independent variables (audit firm size, audit fees, audit tenure and joint audit). The low values for the standard errors are suggestive of the fact that the errors in the estimations are very minimal. The z-stat for AFS is 1.28 with 0.199 as its corresponding p-value. This means that audit firms' size does not have significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria. Thus, our argument is that higher quality of financial reports is not a function of the size of the accounting firms that were engaged for any given audit assignment. Given this outcome, this study could not reject the hypothesis that the size of audit firms has no significant influence on the quality of financial reporting in consumer goods firms in Nigeria. This finding is in contrast with earlier empirical positions (see Chen, Cheng & Liu, 2021; Ozegbe & Jeroh, 2022; Ayora & Ogeto, 2022) [9, 31, 7].

Furthermore, we observed that the z-stat for ASF is 0.15 with 0.881 as its corresponding p-value. The implication of this outcome is that audit fees does not have significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria. We therefore argue that higher quality of financial reports is not a function of the amount of the professional fees charged by accounting firms in the conduct of any given audit assignment. Given this outcome, this study could not reject the hypothesis that there is no significant relationship between audit fees and the nature of financial reporting quality of consumer goods companies in Nigeria. The position of this study supports the findings of Yayangida et.al. (2023) [38], while it contradicts the work of studies that previously pointed that audit fees have significant influence on financial reporting quality (see Ogungbade, Adekoya & Olugbodi, 2021) [27].

Notwithstanding the above, it is also evident that the z-stat for ATN is 1.01 with 0.314 as its corresponding p-value. The implication of this outcome is that audit tenure does not have significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria. This justifies the argument that the quality of financial reports (whether high or low), cannot be attributed to the tenure of auditors engaged by companies over time. Given this outcome, this study could not reject the hypothesis that audit tenure does not have significant relationship with the nature of financial reporting quality among consumer goods firms in Nigeria.

In addition, this study found that the z-stat for JA is 2.02 with 0.043 as its corresponding p-value. The implication of this outcome is that the engagement of joint auditors exerts significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria. It is thus reasonable to argue that the quality of financial reports (whether high or low), is largely influence by the nature of engagement - joint or single audit engagement. Given this outcome, this study rejects the hypothesis that joint audit does not exert significant influence on the nature of financial reporting quality of consumer goods firms in Nigeria. While supporting the earlier documentation by Oyebamij (2021) [30], the outcome of this research in this aspect opposed the views of Odubuasi, Amahi and Kainene (2023) [26]; Imafidon, Josiah & Agbo (2023) [15], who argued that the engagement of joint auditors does not have significant influence on financial reporting quality of firms.

5. Conclusion and Recommendations

The argument that the quality of the services of external auditors have multiplier effect on the quality of internal controls and record keeping in firms has become very popular overtime. Researches have also argued that several audit attributes like fees, audit firm size, independence, audit opinion, amongst others have proven to be significant in explaining the trend and level of financial reporting quality among firms. While we agree with previous researches that decision makers and relevant stakeholders rely strongly on the independent opinion made by auditors at the end of their statutory assignments as external auditors, it is obvious that the effect which several identifiable attributes of external auditing may have on the nature financial reporting quality especially as it concerns listed consumer goods companies in Nigeria has practically received no attention. This research therefore examined relevant secondary data from the financial statements of 16 sampled firms for a period of 10 years. The data were obtained from the database of MachameRatios, an independent firm that compiles firm level financial data from the annual accounts of companies across relevant stock exchanges in Africa. The data were subsequently analysed using appropriate statistical tools and the outcomes have policy implications. Based on the results of this study, it was concluded that the quality of financial reporting has the tendency of improving where firms engage joint auditors for any audit engagement/assignment. Importantly, the type/size of audit firms engaged, the fees charged by auditors and audit tenure were found to have positive relationship with financial reporting quality; nevertheless, they could not individually or jointly exert significant influence on financial reporting quality.

Given the study's conclusion, these recommendations have been advanced:

a. Auditee firms should institute stringent but well-regulated engagement policies for auditors that will regulate the pricing, tenure and the nature/type of auditors that would be engaged from time to time.
b. Since the amount of audit fees does not guarantee high reporting quality, auditee firms should be discouraged from paying very high fees for audit services.
c. Listed companies in Nigeria should consider designing engagement policies that will encourage regular engagement of joint auditors as this has proven to be

significant in determining the quality of financial reporting.

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