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Audit Characteristic and Financial Reporting Quality in Nigeria

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Abstract:

The study examined the effect of audit characteristics on the quality of financial reporting among listed non-financial firms in Nigeria. This was with a view to providing information on the relevance of audit principles and attributes to financial reporting quality enhancement in Nigeria.

This study used secondary data. The population of the study comprised 112 firms listed on the stock exchange at the end of 2018. Purposive sampling technique was used to select firms with up-to-date published financial data and whose data were traded on the stock market totaling 50. Data on audit characteristics as well as financial reporting quality were obtained from the firms' annual reports, the publication of the Nigeria Stock Exchange (NSE) as well as the website of the firms. In analyzing the result, the study used pool ordinary least squared, fixed effect and random effect estimation techniques.

The results showed a positive and significant improvement on the financial report in Nigeria during the period of 11 years under review (2008- 2018). The results showed that audit characteristics index is positively and significantly ($t = 5.786, p < 0.05, t = 5.209, p < 0.05, t = 11.513, p < 0.05$) influence financial reporting quality index in ordinary least squares, random and fixed effect estimations respectively.

The study concluded that audit characteristics have greatly and significantly enhanced the quality of financial reporting in Nigeria.

Keywords: Auditing, financial reporting, non-financial firms

1. Introduction

Research and debate on how to proffer solution on the recent financial scandal across the globe which is partly ascribed to poor financial reporting quality is increasingly dominating finance literature. Quality as described by Nigerian Standard on Auditing (NSA 1 2006) is a process of completely adhering to necessary regulations such as ethical requirements, review of historical information, complete independence, adequate evaluation of information to determine violation, taking appropriate action as and when necessary, to produce free, fair, adequate and timely financial information. Financial reporting involves the preparation of accounting information for presentation which shows the current financial position and also the future prospect as seen in the performance displayed by the business concern. Critical analysis of the financial report of firms is eminently required for investment decision by both shareholders and debt investors. The IASB (2008), described financial reporting as the final output that gives information about the financial position, performance, and changes in the equity fund of the owners of the enterprise that is useful and relevant to a wide range of users in making economic decisions. *The investors are being informed by the expected cash flows of the instrument which is described as financial report that enhances the decision of the investors on their investment. (Ifeanyi-chuckwu and Ohaka 2019).*

A well prepared financial report is most desirable as it has the potential to enhance investor's confidence, facilitate financial planning and help firms in raising additional capital both domestic and international and making it easier for financial analyst as well as the public to assess the performance of the organization and for other purposes such as contracts bidding and supplies, merger and acquisition, Liquidation, loan and advances from banks, filing of returns to statutory organizations such as Corporate Affairs Commission, Federal Inland Revenue Service, Financial Reporting Council of Nigeria and Security and Exchange Commission

However, the increasing rate in the loss of interest and belief in accounts contained in the financial report by stock investors as well as the debt investors and other stakeholders is a source of concern to policy makers across the globe.

This on many occasions has necessitated the need to develop a framework to provide a guideline, instill discipline on the preparer and reduce information asymmetry. Part of the recent and global remedies to ensure quality and uniformity in financial reporting is noted in the effort of financial standard setters. For instance, effort is geared towards

the achievement of uniform, standard quality, completeness, understandable, comparable and internationally recognized and accepted standard taken into consideration necessary financial and accounting principles by the introduction of International Financial Reporting Standard (IFRS) of financial information of all listed companies all over the world was well accepted and adopted by many nations. The introduction of IFRS came with high expectation to bring improvement in the quality of financial report because it consists of so many accounting standards and potentials as issued by International Accounting Standards Board (IASB) to assist preparers of financial report throughout the globe in the production and presentation of improved financial report of which the expected benefits will be transparency, accountability, and efficiency. Despite this effort the state of quality of accounting reporting in developing economies, Nigeria inclusive leave much to be desired. This problem of low quality has rekindled the interest of many parties including academic scholars across the globe to provide and suggest possible means to ameliorate the problem and enhance investors' confidence. Today the finance literature is populated with many studies addressing the issue of quality as it relates to financial reporting. Part of the measures as highly stressed in the literature to address the problem is the significant role played by auditing. For instance, trending in the literature particularly in the developed economy is the subsisting interaction between auditing and quality of financial reporting and the important role played by auditing in ensuring effective financial reporting (Nwanyanwu 2017, Adams, Thomas, Zhou & Ying 2018). Auditing by its nature gives credibility to the information stated in accounts presented and by this reasonable assurance is provided to interested parties for the parties concerned to know that the accounting information is free from any misinformation based on the opinion being expressed by the external auditors. In practice, auditors are required to conduct the audit in such a way that material misstatement will be exposed. It is not the responsibility of auditors to prepare accounts but they are into the provision of other professional services but these services should be done not at the expense of the independence of the auditors on audit of public companies because of the fundamental role an Auditor plays in protecting the reliability and integrity of financial reporting. Thus, auditing and financial reporting quality cannot be separated because of the significant role played by auditing which cannot be over-emphasized. Specific characteristics of auditing such as audit fee, independence, Type Big-4, firm size, tenure, and joint audit are already established in the literature as major drivers of quality of financial reporting. The researches have been conducted in different economies of the World. Given the recent financial reporting crises among listed firms in Nigeria and other Countries ranging from income smoothening to falsification of accounting information as seen in Cadbury Nigeria Plc 2006, and level Brothers (now Unilever Plc (Afolabi & Amupitan, 2015; Chukwunedu, Okafor & Ofoegbu, 2015); and with attendant cost or loss of investors' confidence is a yardstick to find out how effective is the supervisory role played by the board of directors, the audit committee and the external auditors. The growth of Nigeria economy is being driven by the Nigerian Stock exchange through its varieties of products. The activities of the Stock exchange are so important because of the roles it plays such as provision of a platform for selling and buying of stocks, raising of new capital, protection of investors from shady deals, facilitation of dealings in government securities, encouragement of savings, dissemination of information to entrepreneurs and industrialists, assistance to government to implement monetary policies, provision of parameters for measuring companies' goodwill, continuous fight against inflation and provision of advisory services to the government, investors and industrialists dealing with stocks and securities.

The market is made up of Financial and Non-financial institutions that are listed. The Non-Financial companies listed on the Stock exchange are the companies that are involved in the provision of services that are non-financial but with services such as manufacturing and other services that are non-financial. The non-financial sector consists of Agriculture, Conglomerates, Construction/Real Estates Consumer goods, Health Care, Information and Communication Technology (ICT), Industrial goods, Natural Resources, Oil and Gas, and Services. This is to say that the non-financial companies listed on the stock exchange is of paramount importance because of the role they played in the growth and development of the economy through the production of varieties of products. While studies on the relationship between audit characteristics and financial reporting quality abound in literature particularly in both developed and developing Countries, effort should, therefore, be geared in the area of looking at auditing characteristics as a whole on financial reporting quality in Nigeria. Though there is appreciable research effort in Nigeria the focus has been limited to specific audit characteristics such as audit tenure, audit committee, audit fees as they affect financial reporting quality (Kibiyaa, Ahmada & Amrana 2016), (Dangana, Yancy & Hassan 2014), (Al-khaddash, Al Nawas, Ramadan 2013). Evidence from literature shows that there is yet a study that looks at the effect of audit characteristics as a whole on the financial reporting quality in Nigeria.

2. Literature Review

Every listed company in Nigeria is compelled by law to publish its annual reports for the public and interested user's consumption. Financial reporting is the reporting system that encompasses the report of all the activities of an enterprise in quantitative and qualitative terms. It is a statement that is made up of information about the effects of transactions and other events that change the reporting entity's economic resources and claims. The income and changes in the economic position of that company are shown for a particular period.

The information contained in the financial report should be useful, relevant and have faithful representation. The importance of quality of financial reporting to various stakeholders cannot be over emphasized in decision making. The concept of financial information states that the primary objective of financial reporting is to avail the diverse users of financial information such as equity holders, potential investors, lenders and other stakeholders, the required information that would ease their economic decision process in investing and providing to the entity. The financial report contains items that are indicators that can be used to examine the financial performance of the entity discovered that the state of

financial reporting in Nigeria was found to be weak because the information left out of the report is vital according to Wallace, 2004, Adeyemi, 2006, Nzekwe, 2009. There are a lot of benefits derivable from the provision of reliable and complete information on the activities of the enterprise. Benefits in the form of a reduction in the level of information risks associated with poor quality of reported information that may prevent investors to be able to make investment decisions. It further reduces the gap in information created by the conflict in an agency relationship, (Rajgopal and Venkatachalam, 2011). Jo and Klim 2007, states that companies that give a higher quality of financial reporting are in a position to give a global outlook of the transactions of the business to investors of the company to make better and informed decisions because they have good information at their disposal.

The IIA (2017) in attempting to further add to the existing definition of Auditing, viewed auditing as a way to provide assurances to add value, improve organizations designed activities and finally evaluate the effect the value addition has on the overall performance of the firm. It was seen as a function to determine the level of compliance between the actual roles played to achieve the objectives of the firm in comparison with the stated role expectation by obtaining and evaluating evidence in relation to the role expectation about the economic activities and finally communicating the result whether the expectations in terms of objectives fall in line with the actual result to the stakeholders. (American Accounting Association, 1972). Auditing involves the system of objectively examining and making sure that transactions are recorded correctly and fairly to be sure that the record did not contain misstatement but in agreement with the activities they relate. (Professor L.R. Dicksee.1905). According to Woolf, 1997, the final output of auditing is the expression of opinion after the records of an entity has been duly scrutinized and the Auditor was sure that the records of the entity were completely and properly kept. Auditing also calls for adequate professional skill and competence to make a good judgment because, without good professional skill, the auditor cannot carry out audit assignment effectively and properly (Taylor and Perry's, 1976

3. Methodology

In order to achieve the research objectives, a longitudinal research design was adopted and panel data involving cross-sectional units within a time frame was used. The cross-sectional units consist of data extracted from the annual financial reports of listed non-financial firms within the time frame considered, that is 2008 and 2018. The use of secondary data was employed for the empirical analysis. Data set on audit characteristics and financial report of firms' covering a period of 2008-2018 were assembled. The data consist of audit characteristics index, quality reporting index and relevant control variables for the construction of comprehensive data set. Information contained in the published financial reports of listed companies were used for the work. Data regarding audit characteristics were obtained from different sources including companies' websites, Nigeria Stock Exchange and also annual financial reports of the selected firms. For the reporting quality index (RQI), the study constructed RQI based on information obtained from firms' financial reports. The financial reports were evaluated on individual basis on the quality of disclosure according to Financial Statement Reporting and Disclosure Standard for public firms issued by both the international and local standard setters (IAS/IFRS), Companies and Allied Matters Act, 2004 and Regulator of the capital market in Nigeria. Data set were tailored to the need of the empirical framework and it contained information on audit characteristics such as independence of auditor, audit fees, audit tenure, audit firm size, Big 4, audit rotation, audit committee, joint audit and internal audit characteristic. All other financial related information some of which are firm size, governance structure and leverage measured by board composition were sourced from public information disclosed by listed firms such as annual report and firms' filings to compliment the annual reports of selected firms with the aim to fill in missing data. In consistent with this reporting framework and the recommendation, this study constructed a general reporting quality index representing overall disclosure of required information in Nigeria and rank the listed firms in Nigeria. Accordingly, the data used to develop the composite quality index were extracted from financial reports filed by Nigeria firms to the Nigeria Stock Exchange. The required disclosures were captured by the construction and designing of quality index. For the purpose of this study, 50 out of the population is 112 firms made up of listed non-financial firms as at 31st December 2018 in Nigeria using purposive sampling technique.

3.1. Measurement of Variables

The studies of Ferdinand, Siregar, & Rahadian (2013) serve as a guide in the selection of relevant variables. The focus of the study on audit characteristics as independent variables while financial reporting quality as a dependent variable. In measuring the variables, the study was guided by extant literature and the measurement was done as follows;

3.2. Dependent Variables

For the Reporting Quality Index (RQI), the study followed the guidance issued by the relevant and identified reporting standard (IAS and IFRS) to construct the RQI. The study also considered the basic quality of the financial statement and adapted the non-survey questionnaire in the studies of Ferdinand *et al* (2013) and Umoren (2008) to draw a checklist (see appendix 1). The checklist comprises of approximately 93 items as a comprehensive proxy that was used to measure the quality of reporting. The financial reports of the companies were checked by analyzing the notes to the accounts to determine the disclosure items in the checklist as appropriate. Three possible alternative answers were provided while answering the questions in the checklist: The answers provided were;

Not disclosed,

Not applicable (N/A)

and disclosed

The score was calculated based on the ratio of the total number of applicable items that were disclosed and the total number of items that were applicable to that firm (total number of items – N/A) as follows:

$$\text{Score} = \frac{\text{disclosed}}{\text{items} - N/A}$$

The expected score for a firm that discloses all items applicable was 93. However, for a firm with 70 items and disclosed all the items but have 5 items that are not applicable to it out of a total of 93 items on the list, the expected score therefore is computed thus: $70 / (93 - 5) = 0.80$. It means the firms did not disclose a total of 18 items and lost 0.20 disclosure points. In calculating the RQI score, the difficulty in identifying whether an item that was not disclosed or was not applicable arose which was about leading to the possibility of bias. This study minimized this problem by considering the mandatory disclosure which was applicable to all and form the minimum disclosure

- Independent variables: The independent variable was measured as follows;
- Audit fee: defined and measured as total income of the auditor charged for an audit for a completed job at end of the financial year as shown in the statement of comprehensive income. job at end of the financial year as shown in the statement of comprehensive income.
- Audit Firm Independence: Defined as a state of objectivity and absence of any managerial influence, through the involvement of auditors financial and personal relationship with the client. This is measured by dichotomy ('1' provided the audit firm to perform other services other than statutory audit and '0' otherwise)
- Joint Audit: Defined as a statutory audit by more than one audit firm. Measured by dichotomy ('1' provided the company is being audited by more than one audit firm and '0' otherwise).
- Audit Tenure: Period of years that audit firm is appointed as an external auditor. If more than One year 1 but otherwise 0
- Auditor Rotation: Dummy variable measures the rotation. If the auditor is changed that year it is 1 while 0 if there was no change.
- Audit Committee: Audit committee is a dichotomous variable set at 1 for the presence of it in the firm but 0 for non-availability of audit committee.
- Internal Audit Independence: Internal audit and audit committee should have a good working relationship to enhance capabilities of auditors through adequate independence auditors. The internal audit will only be effective if the reporting system is allowing the internal audit to submit its report directly to the audit committee. A value of 1 is assigned where the governance structure supports the report of internal auditor to submitted to the audit committee otherwise 0

3.3. Control Variables

For robust discussion and also based on the extant literature, the study introduced some other variables that have been found in the literature to also influence the quality of financial report. that ensure robustness of the estimation. This was in line with prior studies. The control variables are: Size, measured as natural logarithm of total assets, Leverage measured as ratio of total liabilities divided by total assets. Age of a firm, measured as the date of incorporation of the firm, Board Composition, measured as the number of finance experts in the Board, Return on Assets (ROA). Measured Profit After Tax divided by Total Assets and Operational Liquidity measured by Current Assets divided by Current Liabilities.

3.4. The Model Specification

The model used are

Model I

$$RQI_{it} = \beta_0 + \beta_1 ACI_{it} + \beta_2 Lev_{it} + \beta_{10} firmsize_{it} + \beta_{11} Age_{it} + \beta_{12} Bcomp_{it} + \beta_{13} Liq_{it} + \beta_{14} ROA_{it} + \mu_{it} + E_{it...} (i)$$

The hypothesis was tested using the above model. The study regressed reporting quality index (RQI_{it}) on audit characteristic index (ACI_{it}) as well as other control variables. Lev_{it} is the firm leverage measured as the total debt/ total asset ratio, firm size was measured using Log of Total Assets, Age_{it} is the age of the firms measured as when the firm was established, board composition was measured as the ratio of non-executive to the executive directors. Liq_{it} measures the liquidity position of the firms while $\mu_{it} + E_{it...}$ denote unobservable industrial effect and error term.

Model II

$$RQI_{it} = \beta_0 + \beta_1 Audfee_{it} + \beta_2 Audip_{it} + \beta_3 BIG4_{it} + \beta_4 Joiaud_{it} + \beta_5 Audten_{it} + \beta_6 Audrta_{it} + \beta_7 Audcomm_{it} + \beta_8 Intaud_{it} + \beta_9 firmsize_{it} + \beta_{10} Lev_{it} + \beta_{11} Age_{it} + \beta_{12} Bcomp_{it} + \beta_{13} Liq_{it} + \beta_{14} ROA_{it} + \mu_{it} + E_{it...} (ii) \text{ where}$$

RQI: = Reporting Quality Index

Audfee = Audit fee

Audip_i = Audit Independence

BIG 4_i = BIG-4

Joiaud = Joint Audit

Audten = Audit Tenure

Audrta_i = Audit Rotation

Audcomm = Audit Committee

Intaud = Internal Audit

Firm size = Firm Size. Natural Log of Total Assets

Lev = Leverage. Ratio of debt to equity

Age = The year of establishment of the company

Bcomp = Board composition
Liq = Liquidity
ROA = Return on Assets

The regression model examines RQI against audit characteristic and other control variables (audit fee, auditor independence Big 4, joint audit, audit tenure, audit rotation, audit committee, internal audit, firm size, Leverage, Age of the company, corporate governance-board composition, Operational Liquidity and Return on Assets) as prior research Haapamaki , Jarvinen., Niemi, & Zerni . (2012) has shown that the relationship can vary across the sub-categories.

3.5. A priori Expectation

The A priori expectations of the work are

$\beta_1, \beta_2, \beta_3, \beta_4, \beta_6, \beta_7, \beta_8, \beta_9, \beta_{10}, \beta_{12}, \beta_{13}, \beta_{14} > 0, \beta_5 < 0$ and $\beta_{11} < 0$.

It has been established in the literature that Audit fee, Audit Independence, BIG-4 Joint Audit, Audit Rotation, Audit Committee, Internal Audit, Firm Size, Leverage, Board composition, and Liquidity have positive relationship with financial reporting quality while Audit Tenure has mixed results based on the previous studies. Age also has negative impact on financial reporting quality.

3.6. Data Analysis Techniques

The study used regression for the analysis of this study.

4. Results and Discussion

This section reports the result of an analysis of the effect of audit characteristics on the quality of financial reporting. Audit characteristics were captured by audit fees, audit independence, big 4, joint audit, audit tenure, audit rotation, and audit committee size. It is important to test the best assumption of the model because these two models were estimated namely random effect and fixed-effect model. The study adopted the Hausman test to select the better between random and fixed-effect models. The result of the Hausman test indicates that a cross-sectional fixed effect is the most appropriate model, therefore, in estimating the parsimonious model of the variables, the cross-sectional random effect was used in the estimation. The model coefficient of determination was captured by the r-squared and adjusted r-squared.

4.1. Test of Relationship and Econometric Tests

This study sought to establish the relationship between audit characteristics and financial reporting quality of non-financial firms listed on the Nigeria stock exchange market between the period of 2008 and 2018. The study used inferential statistics such as the Pearson Product Moment - correlation coefficient (R-Square) and the coefficient of determination (R) to test the relationship and the strength of the relationship of the data set. The P value which is the estimated probability of rejecting the null hypothesis (H0) of a study question when the hypothesis is actually true was also estimated and used to reveal the significance of the independent variable (audit characteristics) in the model; as well as to support the evidence by (R) and R - Square. In addition, F-test statistic was used to reinforce the correctness and fitness of the model.

4.2. Correlation Analysis

Before proceeding to discuss the testing of hypotheses, a test of correlation coefficients between the independent variables was conducted to show the strength and the direction of the relationship between any pair of independent variables, as well as the dependent variable. The study follows the approach used in similar studies of Dangana, Yancy, & Hassan (2014), and Adeyemi&Okpala 2011 to try and disentangle the effect of audit characteristics on financial reporting quality measures by controlling for various firm characteristics likely to be associated with financial reporting quality. Table 4.9a and 4.9b show pair-wise correlation between the audit characteristics and firms' characteristics for the cross-section of 50 firms in the sample during 11 years. In line with the models to regress the relationship between audit characteristics variables and financial reporting quality, table 4.9a shows the correlation coefficients of the audit characteristics index with other control variable and the value of financial reporting quality index.

In likewise manner, table 4.9b shows the correlation coefficients of the individual component of audit characteristics with other control variables and the value of financial reporting quality index. This is done to eliminate any correlation that may exist between the composite value and individual component of audit characteristic variables. It can be seen that the correlation coefficient between the financial reporting quality measures, RQI value, and audit characteristic index are - 0.044, - 1.035 which are weak, negative and highly insignificant. There is an inverse relationship between values of financial reporting quality and audit characteristics index. The higher the audit characteristics index, the lower the financial reporting quality of the firms. The correlation results show further individual relationship among different variables. The relationship among the individual components of audit characteristics were checked. For instance, audit committee had a weak correlation with other independent variables likewise audit fee variable had a correlation coefficient less than 0.2. Audit independence also reflect the same characteristics by having less than 0.4 correlation with other variables. Audit rotation is weakly correlated with other variables. The result of the test shows that audit tenure, BIG4, internal audit variable joint audit and other control variables do not exhibit serious correlation with other explanatory variables in the model.

In general, most of the explanatory variables do not report a strong correlation with each other. All variables are negatively correlated with financial reporting quality except the size ratio which shows that if there would be one-unit

change in the ratio then financial reporting quality value would be positively affected by 19%. The rest of the variables are negatively related with firms' value. It means that if the variable increases/decreases then financial reporting quality would decrease/increase in the opposite direction.

Expected relationships between financial reporting quality and some of control variables are shown in the correlation table. The previous literature suggests that leverage which is the extent of debt capital in the capital formation of firms, has an effect on the financial reporting quality (Dangana, Yancy & Hassan (2014). Generally, the lower the leverage ratio, the lower the financial reporting quality and the higher the leverage ratio, the higher the financial reporting quality of firms. However, the relationship as shown on the correlation results is negative and very insignificant

The correlation among other control variables is mostly weak, positive but insignificant which suggests no problem of multicollinearity and that all the variable can be put in the same regression model.

Date: 04/02/21 Time: 22:03 Sample: 2008 2018 Included Observations: 550 Correlation t-Statistic							
Probability	QRI	ROA	SIZE	BUSCOM	LEV	LIQU	LOGACI
	1.000000						

	-0.031165	1.000000					
	-0.729905	-----					
	0.4658	-----					
	0.198736	0.351126	1.000000				
	4.746988	8.778604	-----				
	0.0000	0.0000	-----				
	-0.000210	-0.024027	-0.010067	1.000000			
	-0.004904	-0.562629	-0.235670	-----			
	0.9961	0.5739	0.8138	-----			
	-0.016635	-0.385847	-0.376224	-0.001500	1.000000		
	-0.389480	-9.790605	-9.505558	-0.035118	-----		
	0.6971	0.0000	0.0000	0.9720	-----		
	-0.023224	0.173986	-0.041758	-0.042583	-0.174636	1.000000	
	-0.543808	4.135999	-0.978377	-0.997739	-4.151917	-----	
	0.5868	0.0000	0.3283	0.3188	0.0000	-----	
	-0.044207	0.011352	0.109815	-0.033676	0.123506	-0.036796	1.000000
	-1.035867	0.265754	2.586357	-0.788779	2.913506	-0.861960	-----

Table 1: Covariance Analysis: Ordinary

Covariance Analysis: Ordinary Date: 04/02/21 Time: 21:32 Sample: 2008 2018 Included observations: 538 Balanced sample (listwise missing value deletion)															
Correlation	QRI	ROA	SIZE	LOGAGE	LIQU	LEV	BUSCOM	LAUDTEN	LAUDIF	LAUDCC	JOIAUD	BIG4	INTAUD	AUDRTA	AUDFEE
Probab	1.000														
QRI	1.000														

ROA	-0.030	1.000													
	-0.700	-----													
	0.484	-----													
SIZE	0.211	0.355	1.000												
	5.009	8.794	-----												
	0.000	0.000	-----												
LOGACI	0.013	0.011	0.132	1.000											
	0.298	0.258	3.087	-----											
	0.766	0.796	0.002	-----											
LIQU	-0.021	0.173	-0.044	-0.092	1.000										
	-0.496	4.074	-1.022	-2.133	-----										
	0.620	0.000	0.307	0.033	-----										
LEV	-0.016	-0.386	-0.382	-0.129	-0.175	1.000									
	-0.379	-9.689	-9.559	-3.004	-4.118	-----									
	0.705	0.000	0.000	0.003	0.000	-----									
BUSCOM	0.000	-0.024	-0.011	-0.001	-0.043	-0.002	1.000								
	0.004	-0.558	-0.256	-0.034	-0.991	-0.036	-----								
	0.997	0.577	0.798	0.973	0.322	0.972	-----								
LAUDT	-0.090	-0.053	-0.111	0.093	0.008	0.034	0.011	1.000							
	-2.100	-1.240	-2.584	2.151	0.181	0.798	0.265	-----							
	0.036	0.216	0.010	0.032	0.857	0.425	0.791	-----							
LAUDI	0.050	0.176	0.255	-0.053	0.087	-0.065	0.021	-0.147	1.000						
	1.159	4.134	6.106	-1.218	2.016	-1.499	0.492	-3.452	-----						
	0.247	0.000	0.000	0.224	0.044	0.135	0.623	0.001	-----						
LAUDC	-0.145	-0.007	-0.003	-0.154	-0.082	0.075	-0.034	-0.038	0.010	1.000					
	-3.402	-0.165	-0.060	-3.605	-1.916	1.751	-0.795	-0.891	0.238	-----					
	0.001	0.869	0.952	0.000	0.056	0.081	0.427	0.373	0.812	-----					
JOIAUD	0.065	0.205	0.333	0.072	-0.068	-0.048	-0.011	-0.105	0.211	-0.187	1.000				
	1.497	4.838	8.175	1.663	-1.673	-1.105	-0.245	-2.438	5.009	-4.413	-----				
	0.135	0.000	0.000	0.097	0.116	0.270	0.807	0.015	0.000	0.000	-----				
BIG4	-0.141	0.155	0.205	-0.025	-0.171	0.125	-0.031	-0.115	-0.217	0.308	0.136543	1.000			
	-3.291	3.626	4.851	-0.609	-4.012	2.927	-0.713	-2.670	-5.159	7.487	3.19109	-----			
	0.001	0.000	0.000	0.569	0.000	0.004	0.476	0.008	0.000	0.000	0.0015	-----			
INTAUD	-0.067	0.103	0.199	-0.061	0.055	-0.128	0.020	0.015	0.184	-0.120	0.129899	0.017247	1.000		
	-1.558	2.397	4.705	-1.414	1.270	-2.991	0.460	0.357	4.338	-2.796	3.033079	0.399353	-----		
	0.120	0.017	0.000	0.158	0.205	0.003	0.646	0.721	0.000	0.005	0.0025	0.6898	-----		
AUDRTA	0.029	-0.041	-0.005	0.028	-0.015	0.035	-0.018	0.931	0.030	0.008	0.039252	0.020903	-0.0092	1.000	
	0.671	-0.954	-0.115	0.651	-0.341	0.805	-0.426	0.723	0.693	0.175	0.909446	0.484054	-0.21295	-----	
	0.502	0.341	0.908	0.515	0.733	0.421	0.670	0.470	0.488	0.861	0.3635	0.6285	0.8314	-----	
AUDFEE	-0.073	-0.018	-0.069	-0.119	-0.015	0.160	-0.041	-0.064	-0.324	0.088	-0.02859	0.213136	-0.1856	-0.0193	1.000
	-1.691	-0.412	-1.600	-2.785	-0.345	3.760	-0.952	-1.484	-7.930	2.039	-0.6621	5.050491	-4.37282	-0.44679	-----
	0.091	0.680	0.110	0.006	0.730	0.000	0.341	0.138	0.000	0.042	0.5082	0	0.6552	-----	

Table 2

4.3. Multicollinearity Test

A further test was carried out to test for Multicollinearity among the dependent variables. The test of multicollinearity describes the degree to which any variable's effect can be predicted by the other variable (Hair et al, 1995). The existence of multicollinearity i.e., high correlation between the independent variables is a serious problem in multiple regressions because the effect of each independent variable on the dependent variable becomes difficult to identify. A widely used method to detect for and measure multicollinearity is variance inflator factor (VIF) for each independent variable (Naser et al 2002). In circumstances where the VIF is above 10, the independent variables are considered highly correlated, causing a multicollinearity problem (Silver, 1997). Thus, the multicollinearity diagnostics command to include the VIF was selected when running the multiple regression models. The results in Table 6 reveal that there is no multicollinearity problem because the VIF for each independent variable is less than 10. The results proved the absence of perfect multicollinearity among the independent variables, because the highest variance inflation factor (VIF) is 1.321. The rule of thumb for the Variance Inflation Factor is that a value of 10 and above is an indication of perfect multicollinearity (Gujarati, 2004)

Variable	VIF
QRI	1.056
Logaci	1.221
Buscom	1.321
Laudinp	1.072
Laudcom	1.241
Laudten	1.058
Laudfee	1.223
Audrot	1.248
BIG4	1.236
Size	1.096
Lev	1.211
LAge	1.221
Roa	1.024
Liqu	1.131

Table 3: Variance Inflation Factor
Author's Computation 2018

4.5. Panel Unit Root Test Result

A test to check whether time series property in the data is stationary or not was also carried out. Given the data, a test on data was carried out with the EViews package. A variable is said to have unit root when it is explosive. According to existing literature on unit root tests, a variable can only be included in a model when it does not have unit root or is stationary. Since most financial series have an underlying growth rate, their mean and/or variance are continually increasing which will lead to spurious regression results if they are included in regression models without eliminating such non-stationarity.

According to Holly Turner (2010), panel data offers advantages over time series when testing for unit roots. The more efficient estimates are made by a larger number of observations it reduces the problem of lower power of unit root test based on a single time series data. Thus, in this study a test for the stationarity properties of the data series was conducted before proceeding with the econometric analysis. This was to identify the null hypothesis of the presence of unit root. The panel unit root test is carried out using ADF- Fisher Chi-Square Panel unit root test. Table 4, at the constant/individual effects, the results indicate that the unit root hypothesis is rejected for all the variables. This implies that each of the panel data series does not contain a unit root. They are stationary at level. The stationarity of the variables may have resulted from the cross-sectional nature of the data and that the data are not subject to time variation.

Variables	Levin, Lin and Chu		PP- Fisher Chi Square	
	Statistics	Probabilities	Statistic	Probability
QRI	-4.14167	0.0000	254.870	0.0000
IACI	-4.20053	0.0000	266.940	0.0000
Size	-9.5905	0.0000	-183.908	0.0000
Roa	-12.1582	0.0000	202.706	0.0000
Lev	-4.1371	0.0000	214.091	0.0000
Lage	-40.3014	0.0000	936.274	0.0000
LIQu	-80.0988	0.0000	216.537	0.0000

Table 4: Unit Root Test Using Constant/Individual Effect
Ho = Unit Root at Level

Source: Author's Computation 2021 Base on Data from the NSE Publications
And Firms Annual Financial Report (2008-2018)

4.6. Hausman Random Effect Test

Another test that was also carried out to ensure appropriate estimation and to eliminate spurious result was done using Hausman random Effect Test. The Hausman test was used to differentiate between fixed effects model and random effects model in panel data analysis. In this case, the Hausman test result shown in Table 5 suggests the alternative Fixed effects (FE) is at least consistent and thus preferred. The Random effects (RE) is rejected because the probability is lower than 5%. A central assumption in random effects estimation is the assumption that the random effects are uncorrelated with the explanatory variables. One common method for testing this assumption is to employ Hausman (1978) test to compare the fixed and random effects estimate of co-efficient. The study performed Hausman test comparing fixed effect and random effect estimation and find that the test is reflected for most of the individual explanatory variables and value measures. Therefore, fixed effects model is the most appropriate model for the data. Though, the study reports the regression results using fixed effect, random effect, and common effect.

Correlated Random Effects - Hausman Test			
Equation: Untitled			
Test cross-section random effects			
Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	43.724454	12	0.0000
Cross-section random effects test comparisons:			

Table 5

4.7. Fixed Effect Testing

In order to determine the right model between the fixed effect and pool OLS regression model after Hausman test suggested fixed effect, the study also tests for the joint significance of the fixed effects estimates in the least squares' specification and also, the wald test was conducted. The specification has both cross-section and period fixed effects. There are three tests involved. The first set consists of two tests (cross-section 'F' and cross-section chi-square') that evaluate the joint significance of the cross-section effects using sum-of-squares (F-test and the likelihood function; chi-square test). The corresponding restricted specification is one on which there are period effects only. The second test evaluates the significance of the period dummies in the unrestricted model against a restricted specification in which there are cross-section effects only.

4.8. Regression Results

In this section, the study carried out regression analyses to test for the effects of audit characteristics on financial reporting quality. In analysing the effects, the study used Reporting Quality Index (RQI) by following the guidelines issued by the relevant and identified reporting standard (IAS and IFRS) to construct the RQI. The study also considered the basic quality of the financial statement and adapted the non-survey questionnaire in the studies of Ferdinand *et al* (2013) and Umoren (2008) to draw a checklist. The first regression is done by regressing Quality variable on the audit characteristics index with the size, the leverage, age, return on asset, and liquidity as control variables. In robustness checks, similar results for each audit characteristic components are obtained.

RQI was regressed on audit characteristic index (ACI) and a set of control variables such as age and size of the firms, leverage, liquidity etc. which have been shown in the literature to relate and have significant influence on financial reporting quality. In order to test for the possible effects of audit characteristics on financial reporting quality, the pooled ordinary least square and fixed effect model and random effect model for panel data regression were estimated for the period of 2008 to 2018. The study conducted Hausman test to check fixed-effect model and random-effect model and the fixed effect was found to be more appropriate. The first hypothesis explores the effect of audit characteristics on measures of quality. This was done by regressing audit characteristics index and other firm characteristics that is, the size, age, leverage, liquidity and return on asset (ROA) on the quality measures. The individual components of audit characteristics were also estimated as prior research Dangana, Yancy & Hassan. (2014). showed that the relationship can vary across the sub-categories. The control variables used are typical variables used in corporate performance studies and by controlling these variables; the study isolates the effect of audit variables on quality measures.

Table 6 represents the result of the effect of the primary independent variables (audit characteristics index) on Reporting Quality Index (RQI) as a measure of financial reporting quality of firms. The result indicates a highly significant positive impact of audit characteristics index (ACI) on Reporting Quality Index (RQI). This result supports the findings by Dangana, Yancy & Hassan (2014). The model was run with some control variables indicating negative and positive significant coefficients in relation to firms' value. Fixed effects model, random effect and pool panel model produced consistent results but the Hausman specification test shows that the fixed effect is most appropriate for the effect of audit characteristics on quality index.

The result shows that approximately 57% of the variability in the financial reporting quality of firms can be explained by the linear relationship between (audit characteristics and other control variable) as independent variables and the financial reporting quality of firms, while 23% of the variability in the financial reporting quality of firms caused by external factors. The Significance Value (12.177, $P < 0.005$) associated with the F test can be used to check for the overall significance. Generally, the F test (overall significance) is used to determine whether a significant relationship exists between the dependent variable and the set of independent variables. Therefore, the result shows that the

significance value is less than 0.01(levels of significance), which means that the relationship between both the set of independent variables and the dependent variable is highly significant. The empirical and significant relationship between audit characteristics index and financial reporting quality of firms is shown to be positive and highly significant as identified from the significance value associated with audit characteristics index, implying that the presence of audit principle and compliance with auditing guidelines for audit engagement and corporate governance principle will greatly enhance the quality of accounting information. That is, a better disclosure and compliance with applicable reporting frameworks in the preparation of financial reports will be enhanced if the principle guiding audit engagement are strictly entrenched.

The positive impact of audit characteristics index on quality of financial report indicates that by increasing one unit of audit characteristics value by 0.547,0.580 and 0.682 in the three estimations respectively and the results support the studies of Dangana, Yancy & Hassan (2014) and Musfiqur and Mohammad *et al* (2019). The audit characteristics results are statistically significant at the 1% in every regression. The co-efficient in each regression are positive and significant at 1% level.

Furthermore, the coefficients of some independent variables such as leverage, size measured as log of asset remain significant and positively related. The positive relationships are consistent with the views in literature that bigger firms have the required resources to hire or engage audit firms with requisites skills in order to ensure quality in financial report. It is also suggestive that firm with large size tend to adhere to the disclosure requirement. More so, activities of firms with financial leverage are brought under closed monitoring by debt investors.

Contrarily, liquidity is found to be negatively associated with financial reporting quality and the results across the three estimation models showed insignificant negative effect on the quality. This finding indicates that liquidity of firms does not have any bearing with the extent to which firms observe diligence in the preparation of financial report. Result also indicates that profitability measured as return on asset has significant positive effect on the financial report quality. This is consistent with the earlier reports from previous studies (MusfiqurRahman (2019), Ilaboya et al (2014)). This positive and significant relationship is expected because firms with high performance in term of returns on shareholders 'investment tend to disclose adequate information and perhaps they usually have requisite resources to engage audit firms particularly the Big4 and their associates in the audit.

For the overall audit characteristics measures in the three estimations that is OLS, fixed effect and random effect two-standard deviation change in total audit characteristics predicts 0.547,0.580 and 0.682 in quality. The overall result as measured by adjusted R² indicates the effect of the independent variables that is audit characteristic index and other control variables on the dependent variable. Significance of regression equations are also indicated by Durbin-Watson (DW) and F-statistics. F-statistics in all estimation are 12.177, 12.277 and 12.376 percent respectively and all are significant at 1 percent level. The statistics of Durbin-Watson of 3.489,2.958 and 2.487 in the three estimation shows that the regression equations are free from autocorrelation problem.

From the regression result it is clear that financial reporting quality index as a measure of quality of accounting information disclosed by firms, relate to the audit characteristics as reported by previous studies. The positive and significant relationship suggests that firms that implement better audit are likely to have a better-quality financial information. It is interesting to note that in general, the results are robust for all three evaluation methods and the co-efficient of financial reporting quality index is strong. Many of the control variables also, are significant in predicting financial reporting quality index (significant at p = 0.01, 0.05)

Dependent Variable: QRI	Pool OLS		Random Effect Model		Fixed Effect Model	
	Coefficient t	t-Statistics	Coefficient	t-Statistics	Coefficient	t-Statistics
ACI	0.008	(5.786) *	0.009	(5.209) *	0.360	(11.5130) *
AGE	0.	(2.472)	0.144	(3.598)*	0.060	(1.774)
BUSCOM	0.180	(3.134) *	0.038	(2.052) *	0.060	(1.141)
LEV	0.009	(3.902)*	0.008	(2.000)	0.002	(1.230)
LIQUID	0.010	(3.228)*	-0.004	-(1.674)	0.004	(1.359)
ROA	-0.112	(-4.451)*	0.015	(0.839)	-0.069	(-2.987)*
SIZE	0.075	(19.149)	0.079	(5.764)	0.036	(7.650) *
C						
R-squared	0.5470		0.580		0.682	
Adjusted R-squared	0.362		0.533		0.49	
F-statistic	12.177		12.277		12.376	
Prob (F-statistic)	0.0000		0.0000		0.0000	
Durbin-Watson (DW)	3.489		2.958		2.487	

Table 6: Regression Results

Source: Author's Compilation (2020), note * significant @5% level

4.9. OLS Results for Different Audit Characteristic Measures

In this section, the study takes more detailed look into the audit characteristic individual components. Table 7 reports the results of regression on the relationship between financial reporting quality on individual components. The components were included in the model as a separate independent variable with pool OLS, firm's Fixed Effects and firm's Random Effects specification. This attempt was to show in the regression result the components that are responsible for the predictive effects of the overall index. The regression of the quality variable on the five (5) variables used to construct the audit characteristics index for listed firms becomes necessary as prior research has shown that the relationship can vary across the sub-categories. The regression was done with the inclusion of full control variables. The results are somewhat sensitive to the empirical model.

Table 7 shows that audit committee has a significant positive impact on financial reporting quality of listed firms in Nigeria. The relationship is significant at 1% level of significance (from the P-value of 0.000 and t-value of 2.783). Interestingly, the level of significance is observed in the three estimation. The result suggests that the presence of audit committee is significant in improving the quality of financial reporting. This is expected because audit committee liaise between the management and the auditor and mostly the committee is independent of the management as it is made to report to the shareholders. Firms complying with the required composition of audit committee, the diverse skills and knowledge of audit which make the committee more effective to ensure its monitoring role and the committee reporting on any misstatement as recognized by the auditor will certainly enhance quality in terms of financial report. Similarly, the results from Table 7 show a significant and positive effects of audit firm independence on the quality of financial reporting. The significance cut across the three model. The relationship is significant at 1% level of significance and it implies that audit firm independence contributes significantly in improving the financial reporting quality. This result is consistent with the previous studies (Musfiqur Rahman (2019), Ilaboya et al (2014)). and the argument in support of the significant effect audit independence can have of financial reporting is hitched on the fact where firms observe and maintain audit independence principles that is audit firms do not violate rule of independence, then, there is a high possibility of achieving audit quality which will also lead to financial reporting quality. There is evidence in the literature (DeAngelo (1981), Palmrose, (1986), Ireland and Lennox (2002) and DeFond and Francis, (2005), Defond et al (2002), Chung and Kallapur (2003) Koh et al (2008) and Hope and Langli (2007)) that provision of other services by the auditors can also have positive and significant effect on the quality of financial reporting. The argument is that provision of other services such as consulting services does not impede auditor independence rather enhance auditors' incentives to be independent and objective, hence higher quality financial reporting

Contrarily, the big four (BIG4) audit firm type has a negative effect on the quality of financial reporting (FRQ), from the coefficient of -0.041 and a t-value of -4.317. The result suggests that the effect is significant and which simply implies that quality can be achieved in term of financial reporting by firms not necessarily having their accounts audited by Big4 audit firms. This result is contrary to the studies by Dangana, Yancy& Hassan (2014) which claims that Big4 audit firm has no significant impact on the quality of financial reporting of listed building material firms in Nigeria. This result also contradicts the view that Big4 audit firm type could improve the quality of financial reporting (Palmrose, (1986), Ireland and Lennox, (2002)). Another audit characteristics component found to positively influence financial reporting quality is audit fee. This result was in line with the results reported in the previous studies that confirmed that paying the audit firm the required fee and as at when due will promote efficiency and motivate the auditors to be more committed and dedicated in their service delivery leading audit quality and quality in terms of financial reporting (Bala, Amran&Shaari 2018, Al-Rassas and Kamardin, 2015, Frank et al., 2002, Hoitash et al., 2007 Mitra et al., 2009).

The study finds contrarily to previous studies (Ali, Mohaisen& Hameed 2019) that joint audit is positively related to financial reporting quality. This relationship is unique in this study because joint audit based on the earlier analysis and previous studies, (Oyedokun, Okwuosa&Isah (2019, Musfiqur Rahman (2019), Ilaboya et al (2014)). is hardly practiced in Nigeria. This finding contradicts the findings of DeAngelo (1981) and Geiger et al., (2008) who found a negative impact and supports the finding of Marmousez (2009), that joint audit does not significantly influence quality of financial reporting. This study shows positive although, the coefficient is low 0.036 but the relationship is significant which simply means that engaging more than one audit firm can influence the preparation of accounting information in line with applicable reporting framework leading to the enhancement of financial reporting quality. Audit rotation was found to be insignificant in all the three estimations. The insignificant relationship is unconnected with the fact that listed firms in Nigeria rarely have rotation arrangement for auditors. Audit tenure also shows positive and significant relationship with financial reporting quality. The relationship is significant at 1% level and this cuts across the three estimation. The result supports the earlier studies (Siregar, Amarullah, Wibowo&Anggraita (2012) Rahmina&Agoes (2014)) that quality of financial accounting information is enhanced overtime where an audit firm is consistently engaged for a period not less than five years and audit firms are allowed to complete their tenure.

However, internal audit was found to be insignificantly related to financial reporting quality. This is consistent with the fact that internal audit does not play any significant role in the preparation and audit of the financial reports. Interestingly, the relationship between audit characteristics index and financial reporting quality is further confirmed with the analysis of the individual components of audit characteristic used to construct audit characteristics index. It is observed that the relationship as shown in the two results that is the individual components and audit characteristic index are consistent and this suggests that variables used to capture audit characteristics are appropriate. The results showed that audit firm characteristics are strongly associated with financial reporting quality. Audit independence and Big4 audit firm type are the most powerful indicators especially in firm's fixed effect regression where the t-statistics are to 4 and 5

respectively. The regression was done with the inclusion of other control variables which their influence on financial reporting quality cannot be overlooked.

Dependent Variable: QRI	Pool OLS		Random Effect Model		Fixed Effect Model	
	Coefficient	t-Statistics	Coefficient	t-Statistics	Coefficient	t-Statistics
AGE	0.0056	(2.732)*	0.0057	(2.785)*	0.000	(2.785)*
AUDCOM	0.0152	(3.508)*	0.0123	(2.783)*	0.012	(2.783)*
AUDFEE	0.0432	(3.134)*	0.0146	(2.759)*	0.014	(2.759)*
AUDIP	0.0152	(2.492)*	0.0198	(3.148)*	0.019	(3.148)*
AUDRTA	0.0090	(0.709)*	0.0091	0.722	0.009	0.722
AUDTEN	0.0200	(2.272)*	0.0166	1.881	0.017	1.881
BIG 4	0.0405	(4.283)*	-0.0411	(-4.374)*	-0.041	(-4.374)*
BUSCOM	0.1341	(2.380)^	0.1279	(2.283)*	0.129	(2.283)*
INTAUD	0.0050	1.241	0.0059	1.458	0.006	1.458
JOIAUD	-0.0360	(-2.095)*	-0.0363	(-2.217)*	-0.036	-0.036
LEV	0.0117	(5.003)*	0.0103	(4.339)*	0.010	(4.339)*
LIQUID	0.0053	1.724	0.0043	1.404	0.004	1.404
ROA	-0.0766	(-3.033)*	-0.7714	(-3.071)*	-0.077	(-3.071)*
SIZE	0.0716	1.256	0.0677	(13.061)*	0.068	(13.061)*
R-squared	0.54		0.52		0.52	
Adjusted R-squared	0.47		0.43		0.43	
F-statistic						
Prob (F-statistic)	0.0000		0.0000		0.0000	
Durbin-Watson (DW)	3.403129		3.400897		3.400897	

Table 7: Regression Result Audit Characteristics Component on Financial Reporting Quality

Source: Author's Compilation (2020), Note * Significant @5% Level

5. Conclusion

The study concluded that there is a strong relationship between audit characteristics and financial reporting quality. The relationship is established to be positive and significant. The findings concur with the views of Joseph & Albert (2004) who posits that observing audit principles will bring significant improvement in financial reporting.

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Appendix

Name of Company :				
Year End:				
		Y	N	NA
IFRS DISCLOSURE TEMPLATE				
IAS 1- Presentation of Financial Statement				
1 (1)	Does the entity disclose that the financial statements comply with IFRSs? (IAS 1. 14)			
2 (2)	Do the financial statements include a statement showing all changes in equity? (IAS 1.8)			
3 (3)	Does the entity disclose that the financial statements comply with any approved accounting standards?			
4-5 (4-5)	Are the following information displayed prominently for a proper understanding of the information presented: (a) the presentation currency; and (b) level of precision used in the presentation of figures in the financial statements (for example, thousands or millions of units of the presentation currency)?			
6 (6)	Does the company disclose in the summary of accounting policies or other notes, the judgments made by the management in the process of applying accounting principles? (IAS 1.113)?			
7 (7)	Does the company disclose either the number of employees at the end of the period or the average for the period (IAS 1.102)?			
8 (8)	Does the company disclose the amount of dividends recognized as distributions to equity holders during the period and related amount per share?			
9 (9)	Does the company disclose the dividends proposed or declared before financial statements were authorized for issue but not recognized as distributions to equity holders during the period?			
IAS 2 – Inventories				
10	Has the company disclosed the amount of inventories write-down that is recognized as expenses during the period? (IAS 2.36d,e)			
11	Has the company disclosed the amount of, and circumstances or events leading to, the reversal of any write-down that is recognized as a reduction in the number of inventories recognized as expense in the period? (IAS 2.36f, g)			
12	Has the organization disclosed the carrying number of inventories pledged as security for liabilities? (IAS 2.36h)			
IAS 10: Events after the balance sheet date				
13 (10)	Does the company disclose non-adjusting events and adjusting events, stating its nature and financial effects? (IAS 10.21)			
14 (11)	Does the company disclose the date when the financial statements were authorized for issue? (IAS 10.17)			
15 (12)	Did the company disclose the body who gave the authorization? (IAS 10.17)			
16 (13)	Does the enterprise disclose the fact that whether the shareholders or others have the power to amend the financial statements after issuance? (IAS 10.17)			
IAS 12 – Income Taxes				

17	Did the enterprise provide an explanation of the relationship between tax expense (income) and accounting profit in either of the following forms: (a) numerical reconciliation between tax expense (income) and product of accounting profit, multiplied by the applicable tax rate(s), disclosing also the basis on which the applicable tax rate(s) is (are) computed (refer to IAS 12 para 85)? or (b) a numerical reconciliation between the average effective tax rate and the applicable tax rate, disclosing also the basis on which the applicable tax rate is computed (refer to IAS 12 para 85).[IAS 12.81c]			
18	Are amounts and other details of deductible temporary differences, unused tax losses, and unused tax credits disclosed? [IAS 12.81e]			
19	Are temporary differences associated with investments in subsidiaries, associates, branches, and joint ventures disclosed?[IAS 12.81f]			
	IAS 14: Segment Reporting			
20 (14)	Does the entity disclose the composition of each reported segment?(IAS 14.81)			
21 (15)	Has the Company disclosed for each reportable segment in the entity's primary segment reporting format, segment revenue, result, assets, liabilities and non-cash expenses? (IAS 14.51,52,56,57,58,61)			
22 (16)	For secondary segments do the entity disclose revenue, assets, capital addition?(IAS 14.69-72)			
23 (17)	Has the Company presented a reconciliation between the information disclosed for reportable segments and the aggregate information in the consolidated or entity financial statements? As a minimum, the segment revenue, segment result, segment assets and segment liabilities. (IAS 14.67)			
24 (18)	For inter-segment transfers, did the entity disclose the basis of pricing; and any changes in the basis of pricing inter-segment transfers? (IAS 14.75).			
	IAS 16 Property, Plant and Equipment			
25-26 (19-20)	Does the entity disclose the existence of PPE whose title is restricted and pledged as security for liabilities? IAS16p74(a) b the amounts of PPE whose title is restricted and pledged as security for liabilities? IAS16p74(a)			
27 (21)	Does the entity disclose the amount of expenditure recognized in the carrying amount of PPE in the course of its construction? IAS16p74(b)			
28 (22)	Does the entity disclose the number of contractual commitments for the acquisition of PPE? IAS16p74(c)			
	IAS 18 Revenue			
29 (23)	Disclose the amount of each significant category of revenue recognized during the period, including revenue arising from the sale of goods, the rendering of services, interest, royalties; and dividends. (IAS 18.35b)			
	IAS 20- Accounting for Government Grants and Disclosure of Government Assistance			
30	Does the company disclose the accounting policy adopted for grants, including method of balance sheet presentation? (IAS 20.39)			
31	Is the nature and extent of grants recognized in the financial statements disclosed? (IAS 20.39)			
32	Is the unfulfilled conditions and contingencies attaching to recognized grants disclosed? (IAS 20.39)			
33	Does the company disclose any form of government assistance such as technical and marketing advice? (IAS 20.39b)			
	IAS 21 The Effects of Changes in Foreign Exchange Rates			
34	Does the enterprise disclose net exchange differences classified in a separate component of equity, and a reconciliation of the amount of such exchange differences at the beginning and end of the period. [IAS 21.52]			
35	When the presentation currency is different from the functional currency, did the company disclose that fact together with the functional currency and the reason for using a different presentation currency. [IAS 21.53]			
36	Does the enterprise disclose a change in the functional currency of either the reporting entity or a significant foreign operation and the reason for the change in the functional currency? [IAS 21.54]			
	IAS 23: Borrowing Costs			
37 (24)	Does the enterprise disclose the accounting policy adopted for borrowing costs? (IAS 23.29)			
38 (25)	Is the amount of borrowing cost capitalized during the period disclosed? (IAS 23.29)			
39 (26)	Does the enterprise disclose the capitalization rate used to determine the amount of borrowing costs eligible for the capitalization? (IAS 23.29)			
	IAS 24: Related Party Disclosures			
40 (27)	Are relationships between parents and subsidiaries disclosed irrespective of whether there have been transactions between those related parties? (IAS 24.12)			
41 (28)	Does the entity disclose key management personnel compensation in total for short-term employee benefits, post-employment benefits, other long-term benefits,			

	termination benefits and share-based payments? (IAS 24.16)			
42-44 (29-31)	Where there have been transactions between related parties, did the entity disclose: (i) types of transactions between related parties; (ii) the amount of transactions; (iii) the amount of outstanding balances?			
	IAS 27: Consolidated and Separate Financial Statements			
45 (32)	Does the parent enterprise disclose in the consolidated financial statements the names of significant subsidiaries? (IAS 27.32a)			
46 (33)	Does the parent enterprise disclose in the consolidated financial statements the country of incorporation or residence of significant subsidiaries? (IAS 27.32a)			
47 (34)	Does (IAS 27.32a)			
48 (35)	Does the parent enterprise disclose in the consolidated financial statements the reasons for not consolidating a subsidiary? (IAS 27.32b)			
49-51 (36-38)	When separate financial statements are prepared for a parent that, in accordance with para 10, elects not to prepare consolidated financial statements, those separate financial statements should disclose: i. The fact that the financial statements are separate? ii. A list of significant investments in subsidiaries, jointly controlled entities and associates? iii. Proportion of ownership interest and if different, proportion of voting power held? (IAS 27.42)			
	IAS 28 – Investment in Associates			
52 (39)	Does the enterprise disclose the listings of significant associates? (IAS 28.27a)			
53 (40)	Does the enterprise disclose the method used in accounting for the associates? (IAS 28.27b)			
54-56 (41-43)	Are the following disclosures made? (IAS 28.37) (i) the fair value of investments in associates (individually) for which there are published price quotations; (ii) summarized financial information of associates (individually for each significant associate), including the aggregated amounts of assets, liabilities, revenues and profit or loss; (iii) the reporting date of an associate's financial statements, when it is different from that of the investor, and the reason for using a different reporting date?			
	IAS 31- Interests in Joint Venture			
57	Does the venturer disclose information about contingent liabilities relating to its interest in a joint venture? [IAS 31.54]			
58	Is information about commitments relating to its interests in joint ventures disclosed? [IAS 31.55]			
59	Is a listing and description of interests in significant joint ventures and the proportion of ownership interest held in jointly controlled entities disclosed? (IAS 31.56)			
60	Is the method used by the venturer to recognize its interests in jointly controlled entities disclosed? [IAS 31.57]			
	IAS 32- Financial Instruments Presentation			
61 (44)	For each class of financial asset, financial liability, and equity instrument, did the entity disclose the accounting policies and methods adopted, including the criteria for recognition and the basis of measurement applied? [IAS 32.60]			
62 (45)	For each class of financial assets and financial liabilities, did the entity disclose information about exposure to interest rate risk, including contractual repricing or maturity dates and effective interest rates, when applicable? [IAS 32.67]			
63 (46)	For each class of financial assets and other credit exposures, did the entity disclose information about exposure to credit risk, including: the amount that best represents its maximum credit risk exposure at the balance sheet date and significant concentrations of credit risk? [IAS 32.76]			
64 (47)	Does the entity disclose the carrying amount of financial assets pledged as collateral and any material terms and conditions relating to assets pledged as collateral? (IAS 32.94)			
	IAS 36 – Impairment of Assets			
65 (48)	Does the entity disclose the policies adopted for impairment losses and impairment losses (reversed) in the income statement for classes of assets? (IAS 36.126)			
66 (49)	Does the entity disclose for primary segments impairment losses and reversals? (IAS 36.126)			
67 (50)	If an individual impairment loss (reversal) recognised is material, did the entity disclose the main events and circumstances resulting in the impairment loss? (IAS 36. 130)			
68 (51)	If an individual impairment loss (reversal) recognised is material, did the entity disclose the amount? (IAS 36. 130)			
	IAS 37 : Provisions, Contingent Liabilities, and Contingent Assets for financial year end before December 2006)			
69 (52)	Does the company disclose the accounting policy for provisions, contingent liability and contingent assets?			

70 (53)	For each class of provision, did the entity disclose, the carrying amount at the beginning of the period, provisions acquired through business combinations, additional provisions, amounts used, amounts reversed unused, increase during the period and the carrying amount at the end of the period? [IAS 37.84]			
71 (54)	For each class of provision, did the company provide a brief description of the nature of the obligation and of the expected timing of any resulting outflows of economic benefit, and amount of any expected reimbursement? [IAS 37.85]			
72 (55)	Does the entity disclose for each class of contingent liability, a brief description of the nature of the contingent liability, its financial effect, and possibility of any reimbursement? (IAS 37.86,91)			
73 (56)	Does the enterprise disclose for contingent assets, a brief description of the nature of the contingent asset and where practicable, an estimate of their financial effect? (IAS 37.89,91).			
IAS 38 – Intangible Assets				
74-78 (57-61)	Does the entity disclose the following for each class of intangible assets: i. Useful life or amortization rate? ii. Amortization method? iii. Gross carrying amount? iv. Accumulated amortization and impairment loss? v. Reconciliation of the carrying amount at the beginning and the end of the period showing additions, assets held for sale, retirements, revaluations, impairments, amortization and foreign exchange differences? (IAS 38.112, 38.122 and IAS 38.124)			
79 (62)	Does the company disclose information about intangible assets where title is restricted?			
80 (63)	Does the company disclose intangible assets carried at revalued amounts?			
IAS 40- Investment Property				
81 (64)	Is there a disclosure on whether the fair value or the cost model is used? (IAS 40.75a)			
82 (65)	Are the methods and significant assumptions applied in determining the fair value of investment property disclosed? (IAS 40.75d)			
83 (66)	For Cost model, is the depreciation method, useful lives and carrying amount disclosed? (IAS 40.79)			
84 (67)	The extent to which the fair value of investment property is based on a valuation by a qualified independent valuer; if there has been no such valuation, has that fact must be disclosed? (IAS 40.75)			
85 (68)	Are the amounts disclosed in profit or loss for direct operating expenses that did or did not generate rental income during the period? (IAS 40.75f)			
IFRS 2- Share-based Payment				
86	Does the entity disclose the nature and extent of share-based payment arrangements that existed during the period? (IFRS 2)			
87	Does the company disclose how the fair value was determined? (IFRS 2)			
88	Does the company disclose the effect of share-based payment transactions on the financial position (IFRS 2)			
IFRS 3- Business Combinations				
89 (69)	For each business combination did the acquirer disclose names and descriptions of the combining entities or businesses? [IFRS 3.67]			
90 (70)	Does the acquirer disclose acquisition date? (IFRS 3.67)			
91 (71)	Is the percentage of voting equity instruments acquired disclosed? (IFRS 3.67)			
92 (72)	Is the cost of the combination (with separate disclosure of the number and fair values of equity instruments issued and how fair values were determined) disclosed? (IFRS 3.67)			
93 (73)	Are details about the factors that contributed to recognition of goodwill disclosed? (IFRS 3.67)			

Table 8: Disclosure Checklist

Audit Characteristics Checklist		YES	NO	
Audit fee				
1	Does Turnover determine audit fee?			
2	Is the audit fee consistent?			
3	Is the audit fee paid as and when due?			
4	Audit firm is not owed the previous audit fee before the commencement of the current audit			
5	Is the audit fee being determined by audit committee			5
Audit firm independence				
1	Audit firm does not perform other services for the company			
2	None of the audit staff is employed as a member of management or employee of the client			
3	Audit staff does not have significant shareholding in the company?			
4	Does the audit committee approve contingent fee for the auditor for performing contingent services?			
5	Audit firm does not violate rule of independence			5
Audit firm Type-- Big 4				
1	Is the firm audited by the Big 4			1
Joint Audit				
1	Is the company being audited by joint-auditors?			1
Audit Tenure				
1	Does the audit firm complete its tenure			
2	Has the audit firm spent five years or less?			
3	Does the company remove auditor without completing the tenure?			3
Audit Rotation				
1	Does the company have rotation arrangement for auditors?			
2	Is the auditor of the current year different from the auditor of the previous year?			2
Audit Committee				
1	Does the company have audit committee?			
2	Does the company's audit committee have maximum equal numbers of Directors and shareholders?			
3	Does the audit committee have the required number in prescribed proportion?			
4	Does audit committee have a tenure?			
5	Does audit committee report to shareholders?			
6	Does audit committee report on any misstatement as recognised by the auditor?			6
Internal Audit				
1	Is the internal audit answerable to audit committee?			
2	Does internal audit attend audit committee meetings?			
3	Does the company have effective internal control?			
4	Does the company review the internal control periodically?			
5	Does internal audit play any significant role in the audit of the company?			5
GROUP QUESTION				
SUB TOTAL				
1	Does the company have more than one auditor within this period?			
2	The firm's legal environ mandates the auditor to be rotated			2
TOTAL				
				30

Table 9

Panel unit root test: Summary				
Series: QRI				
Date: 04/02/21 Time: 22:42				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
			Cross-	
Method	Statistic	Prob.**	Sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-4.14167	0.0000	50	450
Null: Unit root (assumes individual it root process)				
Im, Pesaran and Shin W-stat	-1.21502	0.1122	50	450
ADF - Fisher Chi-square	112.433	0.1862	50	450
PP - Fisher Chi-square	254.087	0.0000	50	500
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table10

Panel unit root test: Summary				
Series: LOGACI				
Date: 04/02/21 Time: 22:44				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
			Cross-	
Method	Statistic	Prob.**	sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-4.20053	0.0000	43	387
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-3.15013	0.0008	43	387
ADF - Fisher Chi-square	139.338	0.0002	43	387
PP - Fisher Chi-square	266.940	0.0000	43	430
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				
Panel unit root test: Summary				
Series: ROA				
Date: 04/02/21 Time: 22:45				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
			Cross-	
Method	Statistic	Prob.**	sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-12.1582	0.0000	50	450
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-3.59665	0.0002	50	450
ADF - Fisher Chi-square	157.885	0.0002	50	450
PP - Fisher Chi-square	202.706	0.0000	50	500
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table 11

Panel unit root test: Summary				
Series: SIZE				
Date: 04/02/21 Time: 22:45				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t^*	-9.59050	0.0000	50	450
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-2.32718	0.0100	50	450
ADF - Fisher Chi-square	151.838	0.0006	50	450
PP - Fisher Chi-square	183.908	0.0000	50	500
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table 12

Panel unit root test: Summary				
Series: LIQU				
Date: 04/02/21 Time: 22:48				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t^*	-80.0988	0.0000	49	441
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-11.6929	0.0000	49	441
ADF - Fisher Chi-square	180.966	0.0000	49	441
PP - Fisher Chi-square	216.537	0.0000	49	490
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table 13

Panel unit root test: Summary				
Series: LEV				
Date: 04/02/21 Time: 22:49				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Balanced observations for each test				
Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t^*	-4.13712	0.0000	50	450
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-1.79333	0.0365	50	450
ADF - Fisher Chi-square	134.778	0.0117	50	450
PP - Fisher Chi-square	214.091	0.0000	50	500
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table 14

Panel unit root test: Summary				
Series: LOGAGE				
Date: 04/02/21 Time: 22:50				
Sample: 2008 2018				
Exogenous variables: Individual effects				
User-specified lags: 1				
Newey-West automatic bandwidth selection and Bartlett kernel				
Method	Statistic	Prob.**	Cross-sections	Obs
Null: Unit root (assumes common unit root process)				
Levin, Lin & Chu t*	-40.3014	0.0000	50	449
Null: Unit root (assumes individual unit root process)				
Im, Pesaran and Shin W-stat	-437.995	0.0000	50	449
ADF - Fisher Chi-square	936.437	0.0000	50	449
PP - Fisher Chi-square	936.274	0.0000	50	499
** Probabilities for Fisher tests are computed using an asymptotic Chi-square distribution. All other tests assume asymptotic normality.				

Table 15

Correlated Random Effects - Hausman Test				
Equation: Untitled				
Test cross-section random effects				
Test Summary				
Chi-Sq. Statistic				
Chi-Sq. d.f.				
Prob.				
Cross-section random				
43.724454				
12				
0.0000				
Cross-section random effects test comparisons:				
Variable	Fixed	Random	Var (Diff.)	Prob.
LOGACI	0.032069	0.022773	0.000042	0.1513
LAUDCOM	0.143154	-0.027182	0.038205	0.3835
LAUDFEE	-0.023520	-0.050357	0.039778	0.8930
LAUDTEN	-0.216690	-0.202695	0.000233	0.3589
LITAUD	-0.114824	-0.079732	0.013077	0.7589
LEV	0.007480	0.008745	0.000006	0.6029
LIQU	-0.004174	-0.003996	0.000000	0.7262
LOGAGE	0.142264	0.059626	0.001111	0.0132
ROA	0.015587	-0.003180	0.000024	0.0001
SIZE	0.072765	0.052698	0.000117	0.0636
BIG4	-0.015816	-0.027705	0.000021	0.0095
BUSCOM	0.037926	0.036982	0.000010	0.7635
Cross-section random effects test equation:				
Dependent Variable: QRI				
Method: Panel Least Squares				
Date: 03/25/21 Time: 06:44				
Sample: 2008 2018				
Periods included: 11				
Cross-sections included: 49				
Total panel (unbalanced) observations: 538				
WARNING: estimated coefficient covariance matrix is of reduced rank				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.003403	0.186084	0.018288	0.9854
LOGACI	0.032069	0.046159	0.694762	0.4875
LAUDCOM	0.143154	0.205446	0.696797	0.4863
LAUDFEE	-0.023520	0.204757	-0.114867	0.9086
LAUDIP	NA	NA	NA	NA
LAUDTEN	-0.216690	0.039654	-5.464444	0.0000
LITAUD	-0.114824	0.131305	-0.874489	0.3823
LEV	0.007480	0.003873	1.931297	0.0540
LIQU	-0.004174	0.002119	-1.970349	0.0494

LOGAGE	0.142264	0.040781	3.488468	0.0005
ROA	0.015587	0.017690	0.881138	0.3787
SIZE	0.072765	0.013720	5.303729	0.0000
BIG4	-0.015816	0.010362	-1.526330	0.1276
BUSCOM	0.037926	0.035455	1.069707	0.2853
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.608876	Mean dependent var		0.763143
Adjusted R-squared	0.559678	S.D. dependent var		0.079350
S.E. of regression	0.052654	Akaike info criterion		-2.943732
Sum squared resid	1.322447	Schwarz criterion		-2.457562
Log likelihood	852.8638	Hannan-Quinn criter.		-2.753561
F-statistic	12.37603	Durbin-Watson stat		1.036849
Prob(F-statistic)	0.000000			

Table 16

Dependent Variable: QRI				
Method: Panel Least Squares				
Date: 03/25/21 Time: 07:43				
Sample: 2008 2018				
Periods included: 11				
Cross-sections included: 50				
Total panel (balanced) observations: 550				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	0.008227	0.001422	5.786063	0.0000
AGE	0.000517	0.000209	2.472214	0.0137
BUSCOM	0.180483	0.057588	3.134054	0.0018
LEV	0.009239	0.002367	3.902646	0.0001
LIQU	0.010063	0.003117	3.228473	0.0013
ROA	-0.111595	0.025071	-4.451184	0.0000
SIZE	0.074640	0.003898	19.14915	0.0000
R-squared	0.547568	Mean dependent var		0.763912
Adjusted R-squared	0.362458	S.D. dependent var		0.078818
S.E. of regression	0.092000	Akaike info criterion		1.921411
Sum squared resid	4.595951	Schwarz criterion		1.866557
Log likelihood	535.3880	Hannan-Quinn criter.		1.899975
F-statistic	12.17734	Durbin-Watson stat		3.489348
Prob(F-statistic)	0.000000			

Table 17

Dependent Variable: QRI				
Method: Panel Least Squares				
Date: 04/02/21 Time: 12:01				
Sample: 2008 2018				
Periods included: 11				
Cross-sections included: 50				
Total panel (unbalanced) observations: 549				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGACI	0.362638	0.030365	11.94256	0.0000
LOGAGE	0.022772	0.012849	1.772220	0.0769
LEV	0.002646	0.002172	1.218153	0.2237
ROA	-0.068962	0.022797	-3.025002	0.0026
SIZE	0.036509	0.004750	7.686826	0.0000
LIQU	0.003794	0.002851	1.330838	0.1838
R-squared	0.682550	Mean dependent var		0.763835
Adjusted R-squared	0.492518	S.D. dependent var		0.078869
S.E. of regression	0.082437	Akaike info criterion		2.142701
Sum squared resid	3.690132	Schwarz criterion		2.095618
Log likelihood	594.1715	Hannan-Quinn criter.		2.124300
F-statistic	12.37603	Durbin-watson stat		2.487498
Prob(F-statistic)	0.000000			

Table 18

Dependent Variable: QRI Method: Panel Least Squares Date: 04/02/21 Time: 12:05 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (unbalanced) observations: 549				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.058286	0.103984	-15.560532	0.5754
LOGACI	0.009735	0.046569	5.209034	0.0005
LOGAGE	0.144780	0.040237	3.598191	0.0004
LEV	0.007920	0.003959	2.000483	0.0060
ROA	0.015129	0.018042	0.838542	0.4021
LIQU	-0.003577	0.002137	-1.674120	0.0947
SIZE	0.079507	0.013793	5.764101	0.0000
BUSCOM	0.038176	0.036283	2.052174	0.0002
Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.580895	Mean dependent var		0.763835
Adjusted R-squared	0.533192	S.D. dependent var		0.078869
S.E. of regression	0.053886	Akaike info criterion		-2.905863
Sum squared resid	1.428619	Schwarz criterion		-2.458574
Log likelihood	854.6593	Hannan-Quinn criter.		-2.731055
F-statistic	12.27734	Durbin-Watson stat		2.958823
Prob(F-statistic)	0.000000			

Table 19

Dependent Variable: QRI Method: Panel Least Squares Date: 04/02/21 Time: 23:56 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (unbalanced) observations: 549				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGACI	0.355950	0.030916	11.51327	0.0000
LOGAGE	0.022395	0.012850	1.742857	0.0819
LIQU	0.003873	0.002851	1.358515	0.1749
LEV	0.002673	0.002172	1.230831	0.2189
ROA	-0.068106	0.022803	-2.986670	0.0029
SIZE	0.036339	0.004751	7.649406	0.0000
BUSCOM	0.060053	0.052588	1.141961	0.2540
R-squared	0.479952	Mean dependent var		0.763835
Adjusted R-squared	0.421907	S.D. dependent var		0.078869
S.E. of regression	0.082414	Akaike info criterion		2.141461
Sum squared resid	3.681275	Schwarz criterion		2.086531
Log likelihood	594.8311	Hannan-Quinn criter.		2.119994
Durbin-Watson stat	3.490750			

Table 20

Dependent Variable: QRI Method: Panel Least Squares Date: 04/03/21 Time: 03:17 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (unbalanced) observations: 549				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
LOGACI	0.355950	0.030916	11.51327	0.0000
LOGAGE	0.022395	0.012850	1.742857	0.0819
BUSCOM	0.060053	0.052588	1.141961	0.2540
LEV	0.002673	0.002172	1.230831	0.2189
LIQU	0.003873	0.002851	1.358515	0.1749
ROA	-0.068106	0.022803	-2.986670	0.0029
SIZE	0.036339	0.004751	7.649406	0.0000
R-squared	0.579952	Mean dependent var		0.763835
Adjusted R-squared	0.491907	S.D. dependent var		0.078869
S.E. of regression	0.082414	Akaike info criterion		2.141461
Sum squared resid	3.681275	Schwarz criterion		2.086531
Log likelihood	594.8311	Hannan-Quinn criter.		2.119994
Durbin-Watson stat	3.490750			

Table 21

Dependent Variable: QRI Method: Panel EGLS (Cross-section random effects) Date: 04/03/21 Time: 03:21 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (unbalanced) observations: 549				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.324785	0.081203	3.999694	0.0001
LOGACI	0.009929	0.045984	-0.215931	0.8291
LOGAGE	0.062260	0.022653	2.748469	0.0062
LEV	0.007901	0.002979	2.652155	0.0082
LIQU	-0.003262	0.002087	-1.563227	0.1186
ROA	-0.010355	0.017203	-0.601958	0.5475
BUSCOM	0.037281	0.036118	1.032195	0.3024
SIZE	0.047974	0.007864	6.100745	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			0.050313	0.4657
Idiosyncratic random			0.053886	0.5343
Weighted Statistics				
R-squared	0.513644	Mean dependent var		0.234937
Adjusted R-squared	0.492046	S.D. dependent var		0.058859
S.E. of regression	0.055972	Sum squared resid		1.694893
F-statistic	8.936383	Durbin-Watson stat		3.801491
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	-0.076261	Mean dependent var		0.763835
Sum squared resid	3.668695	Durbin-Watson stat		0.370280

Table 22

Dependent Variable: QRI Method: Panel Least Squares Date: 04/03/21 Time: 03:46 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (balanced) observations: 550				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
AGE	0.000573	0.000206	2.785196	0.0055
AUDCOM	0.012340	0.004433	2.783375	0.0056
AUDFEE	0.014686	0.005323	2.758718	0.0060
AUDIP	0.019859	0.006308	3.148083	0.0017
AUDRTA	0.009102	0.012609	0.721890	0.4707
AUDTEN	0.016658	0.008854	1.881380	0.0605
BIG4	-0.041182	0.009416	-4.373650	0.0000
BUSCOM	0.127933	0.056045	2.282670	0.0228
INTAUD	0.005941	0.004075	1.457837	0.1455
JOIAUD	-0.036343	0.017090	-2.126595	0.0339
LEV	0.010339	0.002383	4.339265	0.0000
LIQU	0.004361	0.003106	1.403723	0.1610
ROA	-0.077147	0.025122	-3.070938	0.0022
SIZE	0.067737	0.005186	13.06086	0.0000
R-squared	0.526585	Mean dependent var		0.763912
Adjusted R-squared	0.436334	S.D. dependent var		0.078818
S.E. of regression	0.088344	Akaike info criterion		-1.990024
Sum squared resid	4.183333	Schwarz criterion		-1.880317
Log likelihood	561.2565	Hannan-Quinn criter.		-1.947152
Durbin-Watson stat	3.400897			
OLS				
Dependent Variable: QRI				
Method: Panel Least Squares				
Date: 04/03/21 Time: 04:00				
Sample: 2008 2018				
Periods included: 11				
Cross-sections included: 50				
Total panel (balanced) observations: 550				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
AGE	0.000565	0.000207	2.732445	0.0065
BUSCOM	0.134115	0.056344	2.380278	0.0176
LEV	0.011724	0.002343	5.002919	0.0000
LIQU	0.005351	0.003104	1.723671	0.0853
ROA	-0.076670	0.025275	-3.033395	0.0025
SIZE	0.071611	0.005023	14.25604	0.0000
BIG4	-0.040568	0.009471	-4.283370	0.0000
AUDCOM	0.015212	0.004336	3.508327	0.0005
AUDIP	0.015255	0.006121	2.492243	0.0130
AUDRTA	0.009004	0.012687	0.709746	0.4782
AUDTEN	0.020049	0.008822	2.272437	0.0235
INTAUD	0.005075	0.004088	1.241496	0.2150
JOIAUD	-0.036015	0.017194	-2.094628	0.0367
R-squared	0.544001	Mean dependent var		0.763912
Adjusted R-squared	0.471800	S.D. dependent var		0.078818
S.E. of regression	0.088886	Akaike info criterion		1.979561
Sum squared resid	4.242732	Schwarz criterion		1.877690
Log likelihood	557.3793	Hannan-Quinn criter.		1.939752
Durbin-Watson stat	3.403129			

Table 23: Fixed Effect

Dependent Variable: QRI Method: Panel Least Squares Date: 03/25/21 Time: 07:40 Sample: 2008 2018 Periods included: 11 Cross-sections included: 50 Total panel (balanced) observations: 550				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
ACI	0.005847	0.001578	3.706610	0.0002
AUDCOM	0.007206	0.004621	1.559441	0.1195
AUDFEE	0.014503	0.005415	2.678060	0.0076
AUDIP	0.021828	0.006386	3.417865	0.0007
AUDRTA	0.004643	0.012815	0.362279	0.7173
AUDTEN	0.016647	0.009007	1.848134	0.0651
BIG4	-0.034193	0.009281	-3.684037	0.0003
BUSCOM	0.125851	0.056576	2.224475	0.0265
INTAUD	0.004861	0.005197	0.935267	0.3501
JOIAUD	-0.035009	0.017191	-2.036402	0.0422
ROA	-0.107422	0.023801	-4.513368	0.0000
SIZE	0.060769	0.004804	12.64936	0.0000
LIQU	0.002416	0.003117	0.775002	0.4387
R-squared	0.550589	Mean dependent var		0.763912
Adjusted R-squared	0.478535	S.D. dependent var		0.078818
S.E. of regression	0.089122	Akaike info criterion		1.974280
Sum squared resid	4.265199	Schwarz criterion		1.872409
Log likelihood	555.9269	Hannan-Quinn criter.		-1.934470
Durbin-Watson stat	0.435095			

Table 24