EFFECT OF AUDITORS' INDEPENDENCE ON CORPORATE SURVIVAL EVIDENCE FROM LISTED DEPOSIT MONEY BANKS IN NIGERIA

***Okeke, Chinenye Juliet; **Ofor, T.N. (Ph.D.); ***Sunday, David**

Department of Accountancy Chukwuemeka Odumegwu Ojukwu University Igbariam Campus Anambra State, Nigeria Email:* chinenyejuliet89@gmail.com
***** kechi4lv@yahoo.com *** davidsunday83@yahoo.com***

Abstract
The study examined the effect of auditors' independence on corporate survival; evidence from listed deposit money banks in Nigeria. Auditors' independence was proxy using audit tenure (AUDT), audit fees (AUDF), audit firm size (AUDFS) and audit firm rotation (AUDFRT) while corporate survival was measured using net assets per share (NAPS). The ex post facto design was adopted and the data for the study was collected from the annual reports and accounts of the 14 listed deposit money banks on Nigeria Exchange Group (NGX) as of December 31, 2022 for the period of 2015-2022. Panel Least squares model was used in the data analysis and the results of the study show a significant and positive association between audit fees (AUDF), audit firm size (AUDFS), audit firm rotation (AUDFRT) and corporate survival (NAPS) at 1-5% significant level. Audit tenure (AUDT) on the hand was found to have negative and significant effect on corporate survival at 1% significant level. The study therefore concludes that auditors' independence ensure corporate survival. The study recommends that audit firms should ensure that the tenure or time of operation of audit firms is followed strictly and audit staff members to be constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival. Banks should choose audit firm from any of the four big firms (KPMG, Ernst and Young, Deloitte and PWC) because the 4 big audit firms are not likely to succumb to management pressures than smaller ones, in addition, the payment of the adequate audit fee will encourage the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

Keywords: **Audit Independence, Audit Tenure, Audit Fees, Audit Firm Size, Audit Firm Rotation and Corporate Survival.**

1.0 Introduction

The monitoring role of external auditor is critical in promoting quality and standards of reports prepared by the management which is paramount to corporate survival. External audit helps to reduce agency costs between managers and external parties. However, these external parties cannot be expected to trust reported financial information without confidence in the auditors' independence (Modum, Ugwoke & Onyeanu, 2013). Audit independence refers to the ability of the external auditor to act with integrity and impartiality during his/her auditing functions (Akpom & Dimkpah, 2013). Auditor independence is critical to the reliability of financial statements as well as investors' confidence due to the psychological belief in the auditors' role. This together with public expectations of the audit work is critical to regulatory agencies. The value of an audit depends on independence (objectivity).

Independence is a major concern in the auditing profession. Corporate scandals like Enron failure confirmed the importance of credibility of audits. Nzewi and Ifeanyi (2020) opined that auditor independence which determines audit quality was one of the fundamental causes of corporate failures that led to the collapse of hitherto strong firms in Nigeria. Over the years, banks in Nigeria collapsed without any prior indications. As a result, corporate and institutional investors suffered huge financial losses. Akintoye (2019) documented the list of financial scandals among Nigerian banks to include: Afribank (2006) N6.9billions, Oceanic Bank (2010) N150billions, Bank PHB (2011) N25.7billions, Access Bank (2011) $19millions or N6.84billions, Intercontinental Bank (2012) N400billions, and Skye Bank (2018) N126billions. Yisa, Ishola and Folajimi (2020) also noted that the federal government of the federation through the intervention of the Central Bank of Nigeria (CBN) on September 24th, 2018 rescued the depositor's funds, by converting the Skye Bank Plc to Polaris Bank Plc. The demise of Oceanic Bank Plc, Bank PHB Plc, Intercontinental Banks Plc, Mainstream Bank Plc, Savannah Bank Plc and Enterprise Bank are still fresh in investor's memory. In the year 2019, both the Access Bank Plc and the Diamond Bank Plc merged into one corporate entity. While the public are being told that the move is a merger decision, investors saw the move as an acquisition decision by the management of Access Bank Plc.

However, there are a number of threats to auditor independence and one of which is familiarity, which comes as a result of long-term audit firm-client relationship (Zayol, Kukeng & Iortule, (2017). Other threats include; the size of audit fee which is the most influencing factor capable of deterring auditor independence in Nigeria. Self-interest, self-review, advocacy, intimidation threats and the size of Joint provision of audit and non-audit services also affects auditor independence adversely. These challenges of the audit independence assumption have impelled the accounting profession to consider ways of improving the credibility of audit reports. As a result, the accounting profession has considered new ways to improve the credibility of audits as it is constantly facing pressure from the media, stakeholders and investors to minimize corporate failures (Siriyama & Tori**,** 2018). Again, in an effort to ensure independence of mind and in appearance, the International Standard on Auditing (ISA) No. 200 (objective and general principles of audit) states that "in the conduct of any audit of financial statements, auditors should comply with the ethical guidance issued by their relevant professional bodies". These ethical rules govern auditors responsibilities and guide the audit and non-audit functions performed by auditors. This challenge in the recent times has become a source of worry locally, nationally and globally as most auditors seem not to be discharging their duties independently. Thus led to users' apathy and confusion about the role, auditors independence ought to play to safeguard not only the accounting profession but also build and restore investors' confidence to reducing the audit expectancy gap that existed after the collapse of these banks.

Auditing emerges to provide an independent check on the affairs of an organization. This is made possible because ownership has been separated from control, which succinctly supports agency role. Public trust is vital to every profession especially, accounting profession which has suffered societal skepticism and depletion were trust has been eroded which affects users value relevance especially, the financial statements which form the basis for a sound decision making. This is to say that the expectations and belief by the public fundamentally breed a series of dissatisfaction with performance of auditors, which consequently affect end users trust and the confidence the users had in the financial statements examined by the auditor (Bebeji, Okpanachi, Nyor & Ahmed, 2022).

In Nigeria however, the major corporate financial irregularity and related fraud which occurred leading to sudden collapse of corporate institutions such as Intercontinental Bank, Nigerian Standard Trust Bank, Bank PHB, Oceanic Bank, Spring Bank, Diamond Bank and so on, has further brought the expectations gap to limelight which challenges the auditors independence regarding corporate survival. Also, the users of financial statements had a strong belief that since auditors are independent, then the auditors are responsible for detection and reporting of all forms of irregularities and frauds, hence the collapse of these deposit money banks came as a surprise to the shareholders and users. This perception was further upheld because users view fraud detection as the main function of auditing. Hence the audit independence becomes more pronounced as a result of these corporate crises in Nigeria and the misperception by users.

Consequently, it becomes evident that the quality of audit depends on the relationship between an auditor and the clients. Seen from this perspective, audit quality refers to credibility of the audit opinion which is a measurement of the degree of confidence users place upon the information provided by the auditor. However, audit quality in the recent times has become a source of worry locally, nationally and globally as most auditors seem not to be discharging their duties independently (Zayol, Kukeng & Iortule, 2017). Hence, the need to investigate the relationship between corporate survival and auditors' independence becomes evident and inevitable as users of financial statements have the perception that the significance of audit purpose is significantly weakened and couldn't meet their expectations due to auditors' compromised independence.

Most previous studies on auditors independence were focused on the relationship between auditors independence and audit quality. Examples of such studies are; (Osarugue, 2021; Nwafor & Amahalu, 2021; Ebubechukwu & Oforum, 2020; Mburunga, Elijah & Ignatius, 2017; Ilaboya & Ohiokha, 2014; Abdul, Sutrisno, Rosidi & Achsin, 2014; Babatolu, Aigienohuwa & Uniamikogbo, 2016; Zayol, Kukeng & Iortule, 2017; Shivaram, Suraj & Xin, 2015, Kabiru & Abdullahi, 2012; Nzewi & Ifeanyi, 2020; Adeyemi & Okpala 2012; etc.). None of these studies related auditors independence to corporate survival from Nigerian context, to the best of our knowledge. It is Against this backdrop; the present study deems it plausible in this area to examine the effect of auditors' independence on corporate survival with reference to listed deposit money banks in Nigeria. The specific objectives of the study are to:

1. Determine the effect of audit tenure on corporate survival of listed deposit money banks in Nigeria
2. Examine the effect of audit fees on corporate survival of listed deposit money banks in Nigeria
3. Ascertain the effect of audit firm size on corporate survival of listed deposit money banks in Nigeria
4. Investigate the effect of audit firm rotation on corporate survival of listed deposit money banks in Nigeria

2.0 Conceptual Review

2.1.1 Audit Independence

Audit Independence is an auditor's unbiased mental attitude in making decisions throughout the audit and financial reporting process. Independence refers to the quality of being free from influence, persuasion or bias, the absence of which will greatly impair the value of the audit service and the audit report (Sweeney, 2014). An auditor's lack of independence increases the possibility of being perceived as not being objective. This means that the auditor will not likely report a discovered breach. In the study of Craswel, Stokes and Laughton (2020), it was argued that in a situation where public disclosure of audit fee and non-audit fee is mandatory, auditors may be willing to issue qualified audit opinions irrespective of the economic importance of the client to the auditor and issue unqualified opinion if otherwise. As reported by Njoku (2023), the concept of auditor independence implies that practitioners execute their functions objectively without the fear of compromise or intimidation. Auditor independence is considered as an auditor's ability to offer an unbiased and fair opinion about financial reporting. It's also believed to be the ability of the auditor to deal with all pressures that may influence the quality of reporting (Muhammad, Ishfaq and Abdul, 2020).

2.1.2 Audit Tenure

According to Okolie, (2014), audit tenure is seen as the length of the auditor-client relationship. He explained that too long association between the auditor and his client may constitute a threat to independence as personalities and familiarity may develop between the parties, which may lead to less vigilance on the part of the auditor. Aside from this threat to independence, the audit engagement may become routine over time, and if so, the auditor will devote less effort to identifying the weaknesses of internal control and risk sources. An audit firms' tenure can be defined as the length of time an auditor performs services for a client. Risk associated with the loss of independence is increased once client relationships are maintained for a long period of time. On the other hand, other individuals believe having a lasting and faithful relationship will augment independence. (Nzewi & Ifeanyi, 2020; Cular, Slapničar & Vuko, 2020).

The numbers of times they re-appoint audit firm, as observed by the researcher, impact negatively on auditor independence. As reported by Ikharo (2015), longer tenure-ship of auditor could foster increased knowledge of client business which could improve their capacity to unearth fraud. This would in turn minimize manager's tendencies or possibility to involve in fraud and irregularities. Auditors retained for many years tend to create closer relationship with client and hence increase familiarity between them. This familiarity might foster undue sympathy by auditor to client thereby affect their duty in issuing qualified report whenever need arises. This could therefore increase fraud incentives for clients. The extent of impact long tenure-ship have on independency of auditors would depend on their ability and level of independence itself (Abu Bakar & Ahmad, 2019).

2.1.3 Audit Fees

Audit Fees can be defined as the amount charged to a client to conduct specific services by the accountant. The fees may vary by size or based on the type of service provided but there have been many questions from researchers whether it affects audit quality (Nzewi & Ifeanyi, 2020).

According to He and Chen (2021), an unwarranted dependent on entire fees from one client, and unduly big percentage would be 25% and above which includes repetitive one-off assignments. The percentage or proportion of entire audit fees of firm higher than 25% above is considered as undue and is believed would affect or impair independency of such firm.

The amount of audit fee can vary depending on the assignment risk, the service complexity, the level of expertise required, the cost structure of Public Accountant Firm and other professional considerations (Rahmina & Agoes, 2014). Studies have shown that larger firms tend to charge higher fees because of the idea that they may provide better quality for audits. Audit quality is challenging to measure and explain due to the lack of concept detail. According to Rahmina and Agoes (2014), there are nine elements firms should implement to meet quality control expectations. They include independence, assignment of personnel, consultation, supervision, employment, professional development, promotion, acceptance, and sustainable clients, and inspection.

2.1.4 Audit Firm Size

As noted by Salehi and Mansoury (2019), the size of an audit firm has been used as a substitute for audit quality, meaning that larger audit firms have a bigger reputation to safeguard and therefore will ensure a more independent quality audit service. The study explained that these large firms have better financial strengths, research facilities and services, superior technology and more experienced employees to undertake large company audits. Their larger client portfolios enable them to resist management pressure, whereas smaller firms provide more personalized services due to limited client portfolios and are expected to succumb to management requirements.

Size of audit firm is among factors that usually impact on auditor's independence considerably. Conclusion drawn from the study of Abu Bakar and Ahmad (2019) was that big audit firms are unlikely to settle or succumb to pressure from management compare to smaller ones, perhaps due to massive number of client base and income volume accrue to big firms and the fact that they would never succumb to destroying their already built past goodwill while small firms are usually concerned about losing their few clients which could further wane their meager income. In attempt to retain these clients, such firm tend to give personalized services to develop closer relationship with client. This would in turn increase possibility of impaired independence of such firms.

Audit firm size is considered to be one of the issues that could affect auditor independence. This is because the larger audit firms are considered to be more independent for at least two reasons. First, because of the firm's size, the audit fee generated from a particular client constitutes a smaller percentage of the audit firm's total revenue. Second, larger audit firms normally have many divisions to provide the services needed by clients, and therefore the person who audits the client would be different from the person who provided non audit services (Salehi & Azary, 2018). Thus, there is a proposition that auditors from a larger audit firm would act more independently than auditors from a smaller audit firm which significantly has effect on the firm's survival.

2.1.5 Audit Firm Rotation

In most situations, investors, general public and shareholders need to have credibility in financial reports examined by the external auditor. Also; to reach a good credibility, the external auditor should be objective and independent on any party. Many factors can affect the independence and audit quality; auditor's rotation is one of these factors. To prevent the familiarity or the long relationships; the regulatory bodies have proposed the rotation among the external auditors (Al-Khoury, Ali, Al-Sharif, Hanania, Al-Malki, & Jallad 2015). Auditor rotation takes two forms: one is a mandatory rotation, and the other is a voluntary rotation.

In essence, by investigating the audit rotation, the regulators and legislators are trying to enhance audit quality by solving a perceived problem regarding independence threats with a measure which has not been proven to actually solve the problem and truly enhance audit quality (Postma, 2016). Since the tenure of auditor in office is seen as having implications for auditor independence, He and Chen (2021), opined that the longer the tenure without rotation, the more familiarity builds up and auditor and client connection wax stronger. The closer they become more sympathetic to each other. The study suggested that limiting auditors' rotation would reduce need for closer association and make irrelevant creation of any vested interest in the client.

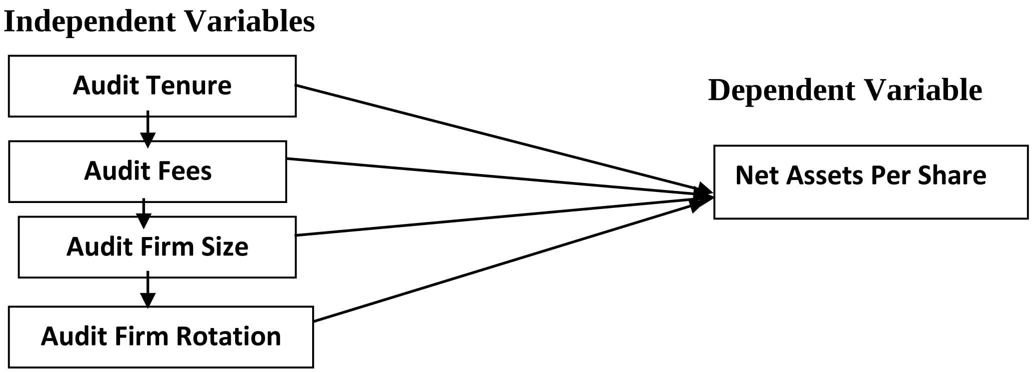
2.1.6 Corporate Survival

The term "survival" has many connotations -- both subjective and objective. The most objective way to measure survival in organizations is to observe their continuing existence. An organization survives as long as it acquires inputs from suppliers and provides outputs to a given public i.e. customers, clients, patients, etc. (Jerry, 2014). The organization fails when coalitions of resource providers cannot be induced to supply resources and the firm cannot repay resource providers for past support. In other words, corporate survival is simply non-failure of an existing organization.

Surachai and Nongnit (2013) considered financial performance as a determinant of corporate survival. Hence, financial performance is conceded as a subjective measure of how well a firm can use assets from its primary mode of business and generate revenues. This term is used as a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation (Okeke, 2015).

According to Nwaobia, Kwarbai and Fregene (2019), many factors contribute to the survival and going concern of an entity. Some of these factors, in addition to quality management, include the profitability, solvency, stability and liquidity of the entity. These factors are germane to the survival of a company because an entity that cannot generate enough cash flows from its operations to meet its short and long-term obligations as well as its operational needs cannot exist for long.

Figure 1: The Diagram of Conceptual Model



2.2 Theoretical Framework

The theoretical framework which gives the meaning of a word in terms of the theories on Auditors Independence and Corporate Survival established in this study is Audit Quality Theory.

2.2.1 Audit Quality Theory

This present study will be anchored on audit quality theory propounded by Watkins, Hillison and Morecroft in the year 2004. This theory maintain that audit quality and audit quality perception are both utilized interchangeably when expressing auditing terms, and to maintain the disparity between these concepts. Watkins et al (2004) utilized "monitoring strength" and "reputation" to represent the real and perceived auditing quality. Monitoring strength aids to influence and maintain quality of details in monetary report whereas auditor's reputation can influence or affect credibility noticed or perceived by stakeholders concerning any auditors. Auditors monitoring capacity is assessed through certain element of audit quality which includes auditors competency level and auditors independency. The same competence level and level of independency of auditors as assessed by element of audit quality from markets perception then is termed auditor reputation. Auditor reputations are difficult to measure because they are dependent or based on beliefs of users. Framework of audit quality and independence as reported by Watkins et al. (2004) captures or contains possible relationships between components or elements of audit quality, products of audit quality and their impact on corporate survival and details contain in monetary statements. The two products of audit independence that are affected by elements of audit quality are credibility of details and quality of details. Hence, the study is anchored on Audit Quality Theory.

2.3 Empirical Review

Nzewi and Ifeanyi (2020) determined whether auditor’s independence affects audit quality in deposit money banks in Nigeria. Specifically, the study sought to ascertain the effect of audit tenure and, audit fees on audit quality of deposit money banks in Nigeria. Ex-post facto research design was adopted for the study. All the quoted deposit money banks were used as sample for the study. Data were extracted from annual reports and accounts of the sampled banks. Simple regression analysis was used to test the formulated hypotheses with aid of SPSS version 20.0. Based on the analysis, the study found that audit committee independence affects audit quality of quoted Nigerian deposit money banks. Also, that audit fees have affected audit quality of quoted Nigerian deposit money banks which influences performance. The researcher therefore, recommends among others that the auditor should be remunerated based on the work experience, qualification, duration of the audit assignment, and background profile. The payment of the adequate audit fee will encourage the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

Bassey, Omini, Aminu, Etore and Archibong (2020) ascertained the possible connections between audit independence and quality of auditing in Nigeria. The objectives were centered on assessing possible effect of audit cost, audit workers’ rotation and audit tenure on quality of audit in Nigeria. The study employed ex-post-facto research design based on data sourced from selected firm’s yearly reports for time period that ranged from 2010 to 2019. The research used panel least square procedure based on fixed and random effect framework and houseman test was equally employed in select best model for to estimate parameters contained in the model. Findings from research analyses revealed that audit cost negatively and appreciably effected audit quality in these selected Nigeria based banks, and that audit workers’ rotation negatively and inappreciably effect audit quality in these selected Nigeria based banks. Lastly, the research revealed that audit tenure negatively and inappreciably effects audit quality in these selected Nigeria based banks. Based on these findings, it was prescribed that audit firms should ensure that audit costs are based on professional prescribed benchmark in ways that their independence is appreciably assured to enhance audit quality. Also, it was equally prescribed that audit firms need to make sure that audit workers are continually rotated to prevent over familiarity as concern threats to gain independence and enhance audit quality. Hence, the study suggests that regulatory agencies and ICAN need to make sure that audit companies tenure as contain and enacted by these agency is painstakingly followed by audit companies because such is crucial to assure independency and improve audit quality.

Ogbeifun and Olorunsola (2020) examined the impact of audit quality on financial performance of consumer goods companies in Nigeria. The specific objectives are: to determine the effect of audit independence, audit tenure, audit firm size on the financial performance of consumer goods companies in Nigeria. The study is theoretically predicated on stakeholder’s theory, agency theory, contingency theory and lending credibility theory. Descriptive and cross sectional research design were adopted to investigate the relationship between variables of audit quality and financial performance of quoted firms in Nigeria over a period of 5 years. Secondary Data were obtained from annual reports of five selected quoted consumer goods firms. Panel Least Square Regression Model was used to test the formulated hypotheses. Findings showed that all the independent variables jointly and strongly have significant impact on the financial performance of the selected firms in Nigeria measured by return on assets except audit firm size. It is concluded that audit quality has significantly and positively impacted the financial performance of consumer goods companies listed on the Nigerian Stock Exchange. The study then recommends among others, the need for firms to adopt effective internal control processes and practices that address key auditing practice for effective audit quality.

Eya, Chonok and Ajam (2020) investigated the effect of audit quality on performance of Money Deposit Banks in Nigeria. The study used secondary data obtained from the Central Bank of Nigeria Statistical Bulletin for the period of 2009-2019. Hausman Test for panel result was used to ascertain the best estimator between fixed and random effect regression to be used for the study. Hausman test for the randomization of panel result indicates that the fixed effect regression is the appropriate estimation technique to evaluate the relationship between the variables of the study. The result reveals chi-square of 2.129942 which is significant at 5% ($p<0.05$) provides evidence in support of the fact that the error terms are not correlated with the independent variables and suggests that the fixed effect regression model is most suitable for the data in use. Therefore, the study adopted fixed effect regression result for interpretation. Result of the fixed effect regression analysis indicates that Auditor Size has a negative effect on the Return on Asset of selected Money Deposit Banks in Nigeria and the effect is statistically significant ($p<0.05$). Auditor's independence has a positive effect on Return on Asset of selected Money Deposit Banks in Nigeria and the effect is statistically significant ($p<0.05$). Audit Committee Composition has a negative effect on Return on Asset and the effect is not statistically significant ($p>0.05$). The researcher concluded that there is a strong evidence to conclude that audit quality plays an important role in maintaining confidence in the trustworthiness and reliability of financial statements emanating from the banks. The researcher recommended that the negative effect of audit committee composition on bank performance proxied by the return on asset of the selected banks can be moderated if constant monitoring and evaluation is employed by external independent auditor with and oversight function.

Ibrahim, Ouma and Koshal (2019) examined the effect of audit committee independence (ACI) on the financial performance of insurance firms in Kenya. The study analyzed the data from the 55 insurance firms licensed by the Insurance Regularity Authority (IRA) in Kenya. ACI was operationalized by the number of independent directors serving in the boards of insurance firms operating in Kenya. Primary data was collected from a sample of 412 board directors, Chief Executive Officers (CEOs), Chief Finance Officers (CFOs), Audit Committee members (AUDIND) and Internal Auditors (INAUD) using a questionnaire instrument while secondary data was retrieved from audited financial reports of year 2017. Data was analyzed using descriptive and inferential statistics. Firm performance was measured by the two accounting-based measures Return on Assets (ROA) and Return on Equity (ROE). The findings from the regression analysis indicate that audit committee independence significantly and positively affects the financial performance of insurance firms in Kenya.

Iliemena and Okolocha (2019) examined the effect of audit quality on financial performance of industrial goods companies in Nigeria. The researchers utilized audit firm rotation (AFR) and audit fees (AUF) as proxies for audit quality while financial performance was measured using return on asset (ROA). We adopted a descriptive and Ex-post facto research designs while the scope of the study covered 2012-2018. The population and sample of study consists of twenty-four industrial goods companies listed on Nigerian Stock Exchange as at 4th September 2019. The findings of the study show that audit firm rotation and audit fees both have significant positive effect on return on asset. On this premise, the study concluded that Audit quality has significant positive effect on financial performance. Hence, it was recommended that corporate organizations should endeavour to rotate audit firms periodically so as to benefit from their varied experiences and expertise in improving their accounting methods and policies, thus, improve their financial performances, while shareholders should emphasize on audit quality in appointment of auditors with less attention paid to cost considerations.

Elewa and El-haddad (2019) examined the effect of audit quality on firm performance of non-financial firms listed as EGX 100 in Canada. The population and sample of study was 30 firms over five-year period ranging from 2007 to 2017 and applied panel data analysis on generated data. Independent variables were auditor experience (measured by Big-4) and Auditor Independence (measured by auditor rotation). Dependent variables were ROA and ROE. The results of the random effect model test reveal Big-4 and rotation both have no significant impact on ROA and ROE.

May and Rasha (2019) examined the effect of audit quality on firm performance. It uses financial statements of nonfinancial firms listed as EGX 100. The population studied consists of thirty non-financial firms in Egypt. The study covers a five-year period; from 2010-2014. Panel data analysis was used for the data analysis. Independent variables are Auditor Experience (measured by Big-4) and Auditor Independence (measured by auditor Rotation ROT). Dependent Variables are Return on Assets ROA and Return on Equity ROE. In accordance with the Random Effect Model results, BIG 4 and ROT have an insignificant impact on the ROA and ROE of the firm.

Ezejiofor and Erhirhie (2018) investigated the effect of audit quality on the financial performance of deposit money banks in Nigeria. The study adopted ex post facto research design, data for the study were collected from annual reports and accounts of quoted Nigerian deposit money banks. Regression analysis and coefficient correlation were employed to test the formulated hypotheses. Findings revealed that there is a significant effect between audit quality and financial performance of Nigerian deposit money banks.

Aliu, Okpanachi and Mohammed (2018) examined the effect of auditor’s independence on audit quality of listed oil and gas companies in Nigeria over a period of ten (10) years (from 2007 to 2016). The sample size comprises of nine (9) out of the fourteen (14) companies listed on the downstream sector of the Nigeria Stock Exchange selected using purposive sampling technique. The study uses secondary data which were sourced from the audited annual financial statements of the sampled companies. The panel data were analyzed using descriptive statistics, correlation matrix and binary logit regression technique. The findings show that there is a significant positive relationship between auditor’s independence and audit quality, while the control variable of company size and leverage showed positive and negative relationship with audit quality respectively. The study recommends that the entire components of audit fees pricing and calculation should be regulated and disclosed in order to provide public insight into the financial dependence of an auditor on a client and whether the fee corresponds with the complexity of the audit assignment.

Siriyama and Tori (2018) reviewed literature related to auditor independence. More specifically to examine whether the size of the audit firm, the size audit fees, the auditor’s duration with the client, competition among other firms and the availability of non-audit services will compromise auditor independence. Findings of the study using Analysis of Variance (ANOVA) show that the top determinant of auditor independence was not clear; however, other researches ranked them based on importance because of their hypothesis that they chose to test. It shows that independence remains a going concern when discovering how reliable and credible financial statements are to investors.

Zayol, Kukeng and Iortule (2017) reviewed literature related to auditor independence and audit quality to determine the effect of the former on the latter. The ex-post-facto research design is employed. Information for the study was obtained from secondary sources to include journals, textbooks, and other internet materials. Based on the review using regression model, findings show that there is a strong relationship between auditor independence and audit quality. The review also revealed four threats to auditor independence, which are client importance, non-audit services (NAS), audit tenure, and client's affiliation with CPA firms.

Bishnu and Ranjan (2016) examined the determining factors of the audit committee independence in the financial sector of Bangladesh by employing a cross-sectional regression analysis on 72 financial firms. The study revealed that firms with large boards and more non-executive directors tend to provide more independence to the auditors. The study, however, reveals a negative relationship between the size of the audit committee and its work independence.

Dunakhir (2016) in his work on factors associated with audit quality: evidence from an emerging market investigated the attributes of audit quality in Indonesia by considering input from groups of auditors, audit clients and external statement users. Beside the facts of the important to consider the issue from different groups of stakeholders such as audit committee chairpersons and loan officers, there have been very few published empirical studies of perceived audit quality in Indonesia from those groups' perspectives. The result using regression model shows that there are significant difference perceptions between the groups. Thus, the study concludes that audit quality is significantly influenced by auditor independence.

Babatolu, Aigienohuwa and Uniamikogbo (2016) examined the effect of auditor's independence on audit quality among seven (7) purposively selected deposit money banks in Nigeria from 2009 to 2013. The population of this study comprised of twenty (20) listed Deposit money banks in Nigeria. Adopting descriptive statistics, correlation and ordinary least square (OLS) regression technique, their findings revealed that there is a positive relationship between audit fee, audit firm rotation and audit quality, while a negative relationship exists between audit firm tenure and audit quality. On the correlation matrix, the association between audit quality and leverage was strong, negative and statistically significant, while that between audit quality and company size was equally strong, positive and statistically significant.

Ebo (2016) empirically investigated the relationship between auditors' independence and audit quality in Nigeria. Secondary data was employed and up to twenty academic journal articles related to this title were reviewed in the light of pronouncements of related professional bodies. Since the onus of financial statement preparation rest with the managers, the readiness for best stewardship accounting, a precursor to audit quality, is expected from the managers. Five threats to compliance with the fundamental principles of professional code of conduct and guide for members of the Institute of Chartered Accountants of Nigeria (ICAN), issued in 2009, was examined. Conclusion from this evaluation was that environmental factors which may generate threat to auditor's independence impact negatively on auditor's independence and thereby subjugate audit quality. International Financial Reporting Standards (IFRS) adoption will go a long way to improve transparency of managers and in turn enhance audit quality. It is recommended that rotation of auditor should be employed, peer review should be appropriately implemented in order to ensure exhibition of utmost professionalism in the discharge of audit duties. Finally, non-audit services (NAS) rendered to Client Company should be reduced to barest minimum.

Matoke and Omwenga (2016) sought to establish the relationship between audit quality and financial performance of listed companies in Nigeria. The specific objectives were: to examine the influence of size of the audit firm on the financial performance of listed companies in NSE, to determine the effect of auditors independence on the financial performance of listed companies in NSE, to establish the effect of attributes of the audit team on the financial performance of listed companies in NSE and to establish how the auditor's experience influences financial performance of listed companies in NSE. The study adopted a descriptive research design. The sampling frame of this study was drawn from directories of the Nairobi Securities Exchange Limited; consisting of all the 9 listed companies in Kenya. Data from the ICPAK indicate that there are a total of 826 CPAs working in the 9 listed companies in Kenya. The study used simple random sampling to select 89 respondents since the study population was homogenous. Both primary and secondary data was used. Using regression model, the results of the findings shows that auditor size and auditor independence have significant impacts on the financial performance of quoted cement firms in Nigeria. However, auditor independence has more influence than auditor size on financial performance. The study recommends that the management of quoted cement firms in Nigeria increase the remuneration of auditors in order to improve their financial performance. The study further recommends that management should employ the services of audit firms whose character and integrity is beyond question.

Mahmoud (2015) determined the effect of joint audit on audit quality: Empirical evidence from companies listed on the Egyptian stock exchange. A sample of 32 companies listed on the Egyptian stock exchange in the period 2009 through 2013 representing 160 firm-year observations was determined. A multiple regression model was used to analyze the data. The study design did not disclose the entire population where a sample of thirty-two was taken. Findings showed that companies audited by joint auditors are more conservative than companies audited by single auditors.

Causholli, Chambers and Payne (2015) investigated the effect of selling non-audit services on auditor independence in America. The study did not disclose the study design employed as well as the studied population and sample size. Findings obtained from statistical regressions of abnormal accruals found strong evidence that the anticipated future provision of non-audit services does represent a source of impaired independence in the current year.

Shivaram, Suraj and Xin (2015) conducted a study on the determinants of audit quality; the study used a variation of Big N auditor, discretionary accruals, audit fees, accrual quality, going-concern opinions, or meet or beat the quarterly earnings target as a proxy for audit quality. The study provide evidence on the construct validity of these measures by evaluating whether they are able to successfully predict alleged audit deficiencies in engagements that are the subject of non-dismissed lawsuits and SEC's AAERs filed against auditors over the violation years 1978-2011. The presence of a Big N auditor signing off on the statements of the company during the violation periods is negatively associated with the total number of audit quality allegations and this result is driven by a lower incidence of allegations that a Big N auditor did not exercise due care in the audit. Abnormal audit fees during the violation period are positively associated with the number of alleged audit quality violations.

3.0 Methodology

The research design used in this study is *Ex Post Facto* Design. The paper adopts *Ex Post Facto* research design, because the researcher has no direct control over the variables involved. This is because the issues investigated relates to events that have already taken place and for which a causal-comparative evaluation was carried out to analyze the objectives of the study. The population of the study covers the entire 14 listed deposit money banks on Nigerian Exchange Limited as at 2022 business list. Secondary source of data was used and was obtained from the Nigerian Exchange Group (NGX) Factbook and Audited Annual Reports and Accounts of all the 14 listed deposit money banks in Nigeria as at 2022 business list. The study used the entire population of the study as the sample size. The study covers a period of 8 years (2015-2022). This is the period most banks undergone the process of merger, taking over and acquisition in the recent decade. Thus, the period was adopted to draw a reliable conclusion. Data generated for the study was collated and analyzed using Panel Least Squares operated with E-View V.12

Operationalization and Measurement of Variables

Dependent Variable	Net Assets/Ordinary Shares	Nahiba (2017), Brockman (2015), Surachai and Nongnit (2013) etc.
Independent Variables		
Audit Tenure	Length of auditor-client relationship. '1' if 3 yrs+ and '0' if otherwise.	Bassey, Omini, Aminu, Etore and Archibong (2020), Nzewi and Ifeanyi (2020), Ogbeifun and Olorunsola (2020)
Audit Fees	Measured as the Natural Log of audit fee charged by the audit firm of company *i* in year *t*	Aliu, Okpanachi and Mohammed (2018), Okolie (2014), Bassey, Omini, Aminu, Etore and Archibong (2020).
Audit Firm Size	A dummy value of 1 is used if a firm uses any of the big 4 audit firms and 0 if otherwise.	Ogbeifun and Olorunsola (2020), Eya, Chonoko and Ajam (2020), Hassan, Caren and Jeremiah (2019).
Audit Firm Rotation	A dummy value of 1 is used if there is a rotation in the audit firm/audit partner and 0 if otherwise.	Dwi, Nur, Fitriany and Anggraita (2021), Hamza, Wan, Norfadzilah, Razana, Nadiah and Zarinah (2018), Iliemena and Okolocha (2019).

Source: Empirical Survey (2023)

Model Specification

In line with the previous researches, the researcher adapted and modified the Model of Nzewi and Ifeanyi (2020) into a model in determining the effect of auditors' independence on corporate survival. This is shown below as thus:

Nzewi and Ifeanyi (2020): **AUDQTY = β0 + β1AUDFEE + β2AUDTNE + μ**

The Modified Functional Model expressed in a Mathematical Form is shown below as thus:

$$NAPS_t = F(AUDT, AUDF, AUDFS, AUDFRT) \text{--} 1$$

The econometric form of the regression modified for the study is expressed as thus:

$$NAPS_{it} = \beta_0 + \beta_1 AUDT_{it} + \beta_2 AUDF_{it} + \beta_3 AUDFS_{it} + \beta_4 AUDFRT_{it} + \mu \text{ -----------------} 2$$

Where:
NAPS = Net Assets Per Share
AUDT = Audit Tenure
AUDF = Audit Fees
AUDFS = Audit Firm Size
AUDFRT = Audit Firm Rotation
μ = Stochastic Term
$\beta_1 – \beta_4$ = Coefficient of Regression Equation
β_0 = Constant coefficient (intercept) of the model

4.0 Data Presentation and Analysis

Table 1: Descriptive Statistics

	NAPS	AUDT	AUDF	AUDFS	AUDFRT
Mean	7.777946	0.276786	5.150179	0.892857	0.929743
Median	3.360000	0.000000	5.265000	1.000000	1.000000
Maximum	32.10000	1.000000	5.960000	1.000000	1.000000
Minimum	-0.020000	0.000000	4.070000	0.000000	0.000000
Std. Dev.	9.279932	0.449420	0.486460	0.310685	0.687654
Skewness	1.065602	0.997807	0.480609	2.540341	2.898746
Kurtosis	2.849143	1.995619	2.190967	2.453333	3.029843
Jarque-Bera	3.130234	2.329254	2.866216	2.980124	4.208764
Probability	0.240000	0.989381	0.251450	0.4530000	0.487652
Sum	871.1300	31.00000	576.8200	100.0000	79.08734
Sum Sq. Dev.	9559.002	22.41964	26.26740	10.71429	11.98733
Observations	**112**	**112**	**112**	**112**	**112**

Note: *1%, **5% Level of Significance.

From Table :1 above, the mean (average), maximum values, minimum values, standard deviation and Jarque-Bera Statistics (Normality Test) were shown. The results provide some insight into the nature of the quoted banks in Nigeria used in this study. First, it can be observed that on the average, in an 8-year period (2015-2022), the sampled banks were characterized by a positive net asset per share (NAPS) value of 7.777946. This implies that auditors' independence determines banks survival by 7.8%. Also, the distribution is platykurtic since the kurtosis (2.85) is less than 3, implying that the outliers are few. The Jarque-Bera probability of 0.24 is greater than 0.05, which means that the distribution of net assets per share (NAPS) is not different from a normal distribution.

The mean value of audit tenure (AUDT) for the sampled banks was 0.276786. This means that banks with AUDT values of 0.276786 or less are sustainable and have a corporate survival. Hence, it could be stated implies that the tenure of auditors in the bank of industry determines the banks' survival. Also, shorter audit tenure is crucial as it guarantees independence and improves audit quality which corporate survival depends on. The maximum value for the study was 1.000000 while the minimum value was 0.000000. These wide variations in maximum and minimum AUDT values among the sampled banks justifies the need for this study as we assume that banks with lesser audit tenure (AUDT) values are sustainable than those banks with higher audit tenure (AUDT) values at a high degree risk of 0.45%. The distribution is platykurtic since the kurtosis (2.00) is less than 3, implying that the outliers are few. The Jarque-Bera probability of 0.99 is greater than 0.05, which means that the distribution of audit tenure (AUDT) is not different from a normal distribution.

The average audit fees (AUDF) for the sampled banks was 5.150179. This means that banks with AUDF values of 5.150179 and above have a corporate survival. Thus implies that the payment of adequate audit fee encourages the auditor to do the assurance engagement assignment according to the high degree of standardization expected. The maximum value for the study was 5.960000 while the minimum value was 4.070000. These high variations in maximum and minimum AUDF values among the sampled banks justifies the need for this study as we assume that banks with higher audit fees (AUDF) values have a corporate survival at a degree risk of 0.49% than those banks with low audit fees (AUDF) value. Hence, audit fees are considered a determinant of banks survival. The distribution is platykurtic since the kurtosis (2.19) is less than 3, implying that the outliers are few. The Jarque-Bera probability of 0.25 is greater than 0.05, which means that the distribution of audit tenure (AUDF) is not different from a normal distribution.

The average audit firm size (AUDFS) for the sampled banks was 0.892857. This means that banks with AUDFS values of 0.892857 have a corporate survival. Thus implies that 4 big audit firms are not likely to succumb to management pressures than smaller ones, perhaps because of higher number of client base and volume of income accruing to bigger firms and the fact they would not want to destroy their goodwill built from past years. The maximum value for the study was 1.000000 while the minimum value was 0.000000. These high variations in maximum and minimum AUDFS values among the sampled banks justifies the need for this study as we assume that banks that use any of the 4 big audit firms have a corporate survival at a degree risk of 0.31% than those banks that do not use any of the 4 big audit firms. Hence, the size of audit firm determines banks survival. The distribution is platykurtic since the kurtosis (2.45) is less than 3, implying that the outliers are few. The Jarque-Bera probability of 0.45 is greater than 0.05, which means that the distribution of audit tenure (AUDFS) is not different from a normal distribution.

The average audit firm rotation (AUDFRT) for the sampled banks was 0.929743. This means that banks with AUDFRT values of 0.929743 have a corporate survival. Thus implies that audit staff members should be constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival. The maximum value for the study was 1.000000 while the minimum value was 0.000000. These high variations in maximum and minimum AUDFRT values among the sampled banks justifies the need for this study as we assume that banks that rotate audit firm or audit partner have a corporate survival at a degree risk of 0.688% than those banks that do not rotate audit firm or audit firm staff. Hence, audit firm rotation is considered a determinant of banks survival. The distribution is leptokurtic since the kurtosis (3.03) is greater than 3, implying that the outliers are more. Thus, the Jarque-Bera probability of 0.49 is greater than 0.05, which means that the distribution of audit tenure (AUDFRT) is not different from a normal distribution.

Table 2: Correlation Matrix for the Model

Variables	NAPS	AUDT	AUDF	AUDFS	AUDFRT
NAPS	1.000000				
AUDT	-0.071406	1.000000			
AUDF	0.125425	0.004717	1.000000		
AUDFS	0.271212	0.020739	0.465672	1.000000	
AUDFRT	0.133628	-0.338112	-0.088824	0.043782	1.000000

Source: E-View 12 Computational Results (2023).

Table 2 above shows the relationship between all pairs of independent variables and dependent variables used in the regression model. It reveals that all the independent variables with exception to audit tenure have positive correlation with the dependent variable (NAPS) while some of these components of auditors' independence have negative relationship with one another. The implication of this is that an increase in audit fees, the use of any of the big 4 audit firms and rotation of auditors in the banking sector determine banks survival while increase in auditors' tenure reduces audit quality which affects banks survival. The values on the diagonal are all 1.0000 which shows that each variable is perfectly correlated with itself.

In checking for multi-collinearity, we noticed that no two explanatory variables were perfectly correlated. This means that there is an absence of multi-collinearity in our model. Multi-collinearity between the explanatory variables may result to wrong signs or implausible magnitudes in the estimated model coefficients and the bias of the standard errors of the coefficients.

4.1 Test of Hypotheses

Least Square Regression model was developed to test the linear relationship between the dependent and independent variables. It was operated using E-View version 12 as shown in the table 3 below:

Table 3: NAPS Panel Least Squares Regression Result

Cross-sections included: 14
Total panel (balanced) observations: 112

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AUDT	-2.694064	0.511721	-5.264713	0.0006
AUDF	0.800873	0.182376	4.391329	0.0024
AUDFS	8.048335	3.093569	2.601634	0.0460
AUDFRT	3.267419	1.019246	3.205721	0.0150
C	2.761500	0.406817	6.788064	0.0000

R-squared	0.752763	Mean dependent var	7.777946
Adjusted R-squared	0.740982	S.D. dependent var	9.279932
S.E. of regression	8.959088	Akaike info criterion	7.266830
Sum squared resid	8588.382	Schwarz criterion	7.388191
Log likelihood	-401.9425	Hannan-Quinn criter.	7.316070
F-statistic	6.023162	Durbin-Watson stat	2.024691
Prob(F-statistic)	0.000000		

Source: Result Output from E-Views 12 (2023).

H_{01}: Audit tenure does not have significant effect on corporate survival of listed deposit money banks in Nigeria

This hypothesis was tested and the result of the regression model as exposited on table 4.3 indicates that the relationship between audit tenure (AUDT) and net assets per share (NAPS) is negative and significant with a P-value (significance) of 0.0006 for the model which is less than the 5% level of significance adopted. The result of negative coefficient of -2.69 for the model indicates that, an increase in audit tenure reduces audit quality by 2.69% which affects banks survival positively. Thus implies that the tenure of auditors in the bank of industry determines the banks' survival.

We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that audit tenure has significant effect on corporate survival of listed deposit money banks in Nigeria.

H_{02}: Audit fees do not have significant effect on corporate survival of listed deposit money banks in Nigeria

This hypothesis was tested and the result of the regression model as exposited on table 4.3 indicates that the relationship between audit fees (AUDF) and net assets per share (NAPS) is positive and significant with a P-value (significance) of 0.0024 for the model which is less than the 5% level of significance adopted.

Likewise, the result of positive coefficient of 0.80 for the model indicates that, increase in audit fees ensures corporate survival by 80%. The implication of this is that the payment of adequate audit fee encourages the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that audit fees have significant effect on corporate survival of listed deposit money banks in Nigeria

H_{03}: Audit firm size does not have significant effect on corporate survival of listed deposit money banks in Nigeria

This hypothesis was tested and the result of the regression model as exposited on table 4.3 indicates that the relationship between audit firm size (AUDFS) and net assets per share (NAPS) is positive and significant with a P-value (significance) of 0.0460 for the model which is less than to 5% level of significance adopted.

Likewise, the result of positive coefficient of 8.05 for the model indicates that use of any of the 4 big audit firms ensures banks survival. The implication of this is that 4 big audit firms are not likely to succumb to management pressures than smaller ones, perhaps because of higher number of client base and volume of income accruing to bigger firms and the fact they would not want to destroy their goodwill built from past years

We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that audit firm size have significant effect on corporate survival of listed deposit money banks in Nigeria.

H_{04}: Audit firm rotation does not have significant effect on corporate survival of listed deposit money banks in Nigeria

This hypothesis was tested and the result of the regression model as exposited on table 4.3 indicates that the relationship between audit firm rotation (AUDFRT) and net assets per share (NAPS) is positive and significant with a P-value (significance) of 0.0150 for the model which is less than the 5% level of significance adopted.

Likewise, the result of positive coefficient of 3.27% for the model indicates that audit firm rotation or audit partner rotation ensures banks survival. The implication of this is that audit staff members should be constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival.

We therefore rejected the null hypothesis and accepted the alternate hypothesis which contends that audit firm rotation have significant effect on corporate survival of listed deposit money banks in Nigeria.

Discussion of Findings

Audit Tenure (AUDT) and Net Assets Per Share (NAPS). Based on our findings, AUDT was found to have negative and significant influence on our dependent variable, proxy as NAPS among the quoted banks in Nigeria. This influence is statistically significant at 1% level. The implication of this is that audit firm tenure determines banks survival. Also, the tenure of auditors in the bank of industry is crucial as it guarantees independence and improves audit quality which corporate survival depends on.

This is in tandem with the study of Babatolu, Aigienohuwa and Uniamikogbo (2016) who examined the effect of auditor's independence on corporate performance and their findings revealed that audit firm tenure is a determinant of corporate performance. Also, Nzewi and Ifeanyi (2020) noted that audit firms with audit fee premiums result in better financial performance compared to those without audit fee premiums. Also, Ahmed (2014), Bassey, Omini, Aminu, Etore and Archibong (2020) are of the opinion that audit tenure ensures corporate performance.

Audit Fees (AUDF) and Net Assets Per Share (NAPS). Based on our findings, AUDF was found to have positive and significant influence on our dependent variable, proxy as NAPS among the quoted banks in Nigeria. This influence is statistically significant in ensuring banks' banks survival. Thus implies that audit fees determine banks' survival. The implication of this is that the payment of adequate audit fee encourages the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

The finding is consistent and in agreement with the findings of Nzewi and Ifeanyi (2020), Adeyemi, Okpala, and Dabor (2012) who found that adequate audit fees is likely have a significant effect on corporate performance in Nigeria. Also, Babatolu, Aigienohuwa and Uniamikogbo (2016) and Siriyama and Tori (2018) examined the effect of auditor's independence on corporate performance and their findings revealed that there is a positive relationship between audit fee and corporate performance. In disagreement, Nam and Ronen (2014) found that audit fee is negatively associated with firm performance.

Audit Firm Size (AUDFS) and Net Assets Per Share (NAPS). Based on our findings, AUDFS was found to have positive and significant influence on our dependent variable proxy as NAPS among the quoted banks in Nigeria. This influence is statistically significant at 5% level of significance. The implication of this is that 4 big audit firms are not likely to succumb to management pressures than smaller ones, perhaps because of higher number of client base and volume of income accruing to bigger firms and the fact they would not want to destroy their goodwill built from past years.

This agrees with the a priori expectations of Adeyemi and Fagbemi (2010), Ilaboya and Ohiokha (2014), Matoke and Omwenga (2016) who found that audit firm size has the possibility of increasing the quality of auditing which consequently influence corporate performance. Farouk and Hassan (2014) reported that auditor size have significant impacts on the financial performance of quoted cement firms in Nigeria. In disagreement, the study of Ogbeifun and Olorunsola (2020) showed that audit firm size does not influence corporate performance

Audit Firm Rotation (AUDFRT) and Net Assets Per Share (NAPS). Based on our findings, AUDFRT was found to have positive and significant influence on our dependent variable, proxy as NAPS among the quoted banks in Nigeria. This influence is statistically significant in ensuring banks' survival. The implication of this is that audit staff members should be constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival.

This is in-line and in consonance with the study of Ayorinde, Babajide and Ademole (2015), Zawawi (2017), Rahmat and Ali (2016), Iliemena and Okolocha (2019) whose finding suggests a positive correlation between rotation of auditor and corporate performance. In contrast, the study of Elewa and El-haddad (2019) revealed that the rotation of auditors has no significant impact on corporate performance and audit quality.

5.0 Conclusion

The study having developed a model fit on auditors independence using (AUDT, AUDF, AUDFS & AUDFRT) notes that among the four categories of auditors independence that were examined, audit firm size (AUDFS) has the highest level of influence on banks survival (NAPS) by the model used in the study followed by audit firm rotation (AUDFRT), audit fees (AUDF) and audit tenure (AUDT). Based on this, the study concludes that auditors independence have significant effect on banks survival in Nigeria.

5.1 Recommendations

1. The study recommends that regulatory agencies like ICAN need to ensure that tenure or time of operation of audit firms is followed strictly as prescribed by these agencies as this is crucial to guarantee independence and improve audit quality which corporate survival depends on.

2. The auditor should be adequately remunerated based on audit assignment. The payment of the adequate audit fee will encourage the auditor to do the assurance engagement assignment according to the high degree of standardization expected.

3. Banks to choose audit firm from any of the four big firms (KPMG, Ernst and Young, Deloitte and PWC) because the 4 big audit firms are not likely to succumb to management pressures than smaller ones, perhaps because of higher number of client base and volume of income accruing to bigger firms and the fact they would not want to destroy their goodwill built from past years. The smaller firms may be wary of losing the few clients they have which may wane further their meager income.

4. Banks should also ensure that their audit firm staff or partner are constantly rotated to avoid familiarity threats to gaining independence and enhancing audit quality which ensures corporate survival.

References

Abd. Hamid, S., Abdul Aziz, T., Dora, K., & Said, I. (2017). Intellectual capital disclosure and firms performance in France, *Journal of Economics, Finance and Management Sciences, 4*(2), 95-111.

Abdul, H., Sutrisno, T., Rosidi., & Achsin, M. (2014). Effect of competence and auditor independence on audit quality with audit time budget and professional commitment as moderation variable. *International Journal of Business and Management Invention, 3*(6), 64- 74.

Abu Bakar, N. & Ahmad, M. (2019). Auditor independence: Malaysian accountants' Perceptions. *Journal of Business and Management*, 4(12).

Adebayo, O. (2011). An empirical analysis of the impact of auditors independence on the credibility of financial statement in Nigeria. *Research Journal of Finance and Accounting, 2*(3), 82-98

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

Adeyemi, O., & Ajibola, A. (2019). Naira devaluation and trade balance in Nigeria, *An International Scientific Journal, 125,* 181-192

Adeyemi, S. B., & Okpala, O. (2012). The impact of audit independence on financial reporting: evidence from Nigeria. *Business and Management Review*, *1*(4), 9- 25.

Adeyemi, S. B., Okpala, O., & Dabor, E. L. (2012). Factors affecting audit quality in Nigeria. *International Journal of Business and Social Science, 3* (20), 198-209

Adeyemi, S.B., & Fagbemi, T.O. (2010). Audit quality, corporate governance and firm characteristics in Nigeria. *International Journal of Business and Management*, 5(5), 169- 179.

Ahmed, M. (2014). The role of audit committee in corporate governance: Descriptive study. *Putra Business School*, 1-26

Akpom, U. N., & Dimkpah, Y. O. (2013). Determinants of auditor independence: a comparison of the perceptions of auditors and non-auditors in Lagos, Nigeria. *Journal of Finance & Accountancy*, *2*(2), 34-45

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

Al-Khoury, A. F., Ali, A. E., Al-Sharif, M., Hanania, J., Al-Malki, I., & Jallad, M. (2015). Auditor independence and mandatory auditor rotation in Jordan. *International Business Research*, *8*(4), 73.

Allam, M., Sabri, M., & Abd Almuttaleb, M. (2013). The audit committee characteristics and earnings quality: Evidence from Jordan, *Australasian Accounting Business and Finance Journal*, *7*(4), 2013, 51-80.

Al-Nimer, M. (2015). Factors affecting mandatory audit rotation: evidence from Jordan. *International Journal of Economics and Finance*, *7*(6), 51.

Alsmairat, Y., Yusoff, S., Ali, A., & Ghazalat, N. (2019). The effect of audit tenure and audit firm size on the audit quality; Evidence from Jordanian Auditors. *International Journal of Business and entrepreneurship, 9*(1), 15-24

Al-Thuneibat, A (2016). *Audit in the light of the international auditing standards and regulations and local laws: the theory and application,* first edition, Amman, Jordan University publications.

Asein, A. (2007). Mandatory rotation of external auditor. *Nigerian Accountant, 40*, 20-23.

Ayorinde, B., Babajide, O., & Ademola, A. (2015). Audit tenure, rotation and accounting conservatism: empirical evidences from Nigeria. *International Journal of Business and Economics Research*, *4*(6), 328-336.

Babatolu, A.T., Aigienohuwa, O.O., & Uniamikogbo, E. (2016). Auditors independence and audit quality: A study of selected deposit money banks in Nigeria. *International Journal of Finance and Accounting. 5*(1), 13-21.

Ball, F., Tyler, J., & Wells, P. (2015). Is audit quality impacted by auditor relationships? *Journal of Contemporary Accounting & Economics*, *11*(2), 166-181.

Bassey, B., Omini, E., Aminu, O., Etore, U., & Archibong, E. (2020). Auditors independence and audit quality in Nigeria. *Journal of Accounting Review, 7*(17), 624-635

Bebeji, A., Okpanachi, J., Nyor, T., & Ahmed, N. (2022). Independence factors influencing audit expectations gap in listed deposit money banks in Nigeria. *Journal of Accounting and Taxation, 14*(1), 1-12

Bishinu, K., & Ranjan, K. (2016). Determinants of audit committee independence in the financial sector of *Bangladesh. Applied Finance and Accounting, 2*(2), 46-56

Brockman, T. (2015). Social corporate disclosure and firms performance, evidence from list manufacturing firms' in Italy, *Journal of Science, 4*(9), 45-52.

Causholli, M., Chambers, D and Payne, J. (2015). Does selling non-audit services impair auditor independence? New research says, "yes". *Current Issues in Accounting*. *9*(2),1-6.

Chen, Y., Hsu, J., Huang, M., & Yang, P. (2013). Quality, size and performance of audit firms. *The international Journal of Business and Finance Research, 7*(5), 89-105

Chijoke, O. M., Emmanuel, E., & Nosakhare, P. O. (2012). Audit partner tenure and audit quality: Empirical analysis. *European Journal of Business and Management,4* (7), 154-163. 13.

Chinwe, C.A., & Chinwuba, O. (2012). Auditors independence, auditors' tenure and audit firm size in Nigeria. *Research Journal of Finance and Accounting, 3*(10), 137-142.

Companies and Allied Matters Act (CAMA), Chapter 59, CAP 20, LFN, (2020)

Craswel, A., Stokes, D. J. and Laughton, J. (2002). Auditor independence and fee independence, *Journal of Accounting and Economics, 33*, 253 – 275.

Cular, M. Slapničar, S & Vuko, T. (2020). The effect of internal auditors′ engagement in risk management consulting on external auditors′ reliance decision. European Accounting Review,1-23. https://doi.org/10.1080/09638180.2020.1723667

Dunakhir, S. (2016). Factors associated with audit quality: evidence from an emerging market, *Second Asia Pacific Conference on Advanced Research*, 189-198.

Dwi, M., Nur, A., Fitriany, F., & Viska, A. (2021). Impact of audit tenure and audit rotation on the audit quality: Big 4vs non big 4. *Cogent Economics and Finance, 9*(1), 1-19

Ebo, O. (2016). Auditors' independence and audit quality in Nigeria. *Continental J. Social Sciences 9* (1), 37 – 48

Ebubechukwu, J., & Oforum, D. (2020). External auditors independence on accounting quality of Nigerian manufacturing companies. *International Journal of Trend in Scientific Research and Development, 4*(5), 944-949

Effiok, S. O., Tapang, A. T., & Eton, O. E. (2013). The impact of tax policy and incentives on foreign direct investment (FDI) and economic growth: Evident from Export Processing Zones (EPZs) in Nigeria. *European Journal of Commerce and Management Research, 2*(9), 191-196.

Ejoh, N. O., & Ejom, P. E. (2014). The effect of internal audit function on the financial performance of tertiary institutions in Nigeria. *International Journal of Economics, Commerce and Management, 2* (10), 1-14

Elewa, M., & El-Haddad, R. (2019). The effect of audit quality on firm performance: a panel data approach. *International Journal of Accounting and Financial Reporting*, 9(1), 229-244.

Enofe, A. O., Nbgame, O. E., & Ediae, O. O. (2013). Audit quality and auditors "independence in Nigeria: An Empirical Evaluation. *Research Journal of Finance and Accounting. 4*(11), 131-138.

European Union Directives (2006). Guiding articles issued by the European Commission (EC), applied across Europe through each country's legislation.

Eya, C., Chonoko, I., & Ajam, P. (2020). Effect of audit quality on performance of money deposit banks in Nigeria. *International Journal of Research in Management and Business*, *7*(1), 45-52

Ezejiofor, R. A., & Erhirhie, F. E. (2018). Effect of audit quality on financial performance: evidence from deposit money banks in Nigeria. International *Journal of Trend in Scientific Research and Development* (IJTSRD), 2(6).

Ezugwu, C. I. & Negedu, E. (2014). Auditor's reputation: the impact on compliance with International Accounting Standard 5 by quoted companies in Nigeria. *Kuwait Chapter of Arabian Journal of Business and Management Review*, 3(12).

Farouk M. A., & Hassan, S., U. (2014). Impact of audit quality and financial performance of quoted cement firms in Nigeria. *International Journal of Accounting and Taxation 2,* (2), 01-22.

Fearnley, S. Beattie, V., & Brandt, R. (2015). Auditor independence and audit risk: a reconceptualization". *Journal of International Accounting Research 4*(1), 39-71.

Hamza, K., Wan, A., Norfadzilah, R., Razana, J., Nadiah, A., & Zarinah, A. (2018). Auditor tenure, audit firm rotation and audit quality: A literature review. *International Journal of Academic Research in Business and Social Sciences, 8*(12), 1314–1324.

Hassan, B., Caren, O., & Jeremiah, K. (2019). Effect of audit committee on the financial performance of insurance firms in Kenya. *International Journal of Research in Business and Social Sciences, 8*(6), 15-24

He, L.-J. & Chen, J. (2021). Does mandatory audit partner rotation influence auditor selection strategies? *Sustainability 13*, 1-12. https://doi.org/10.3390/su13042058

Herdjiono, I., & Sari, I. (2017). The effect of corporate governance on the performance of a company. some empirical findings from Indonesia**.** *Journal of Management and Business Administration*, *25*(1), 33-52