



Audit Quality Indicators and Market Price Per Shares of Listed Deposit Money Banks in Nigeria

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ABSTRACT

Corporate failure has enhanced the demand for audit quality by stakeholders. This study seeks to ascertain the relationship between audit quality indicators and market price per share of listed deposit money banks in Nigeria. Audit quality indicators were proxied by audit fees, audit tenure and audit firm size while market price per shares was proxied by Tobin's Q. The population of this study comprise of fourteen listed deposit money banks in Nigeria. Judgmental sampling techniques were used to select twelve banks as sample size. Secondary data were collected from audited annual financial reports of listed deposit money banks in Nigeria, evidence from 2006-2019. The study adopts the used of panel least squares regression to test the hypotheses formulated through pooled effect, fixed effect and random effect determined by Hausman test, fixed effect was accepted, with the aid of E-views 10 econometric statistical software. Findings shows that audit fees have negative and insignificant impact on Tobin's Q. Empirical evidence indicates that audit tenure had negative and significant impact on Tobin's Q. Empirical evidence suggests that audit firm size had positive and significant impact on Tobin's Q. The study concludes that audit quality indicators improved investors trust, confidence in the capital market and enhance market price per shares of listed deposit money banks in Nigeria. The study recommends among others that banks management should adopt audit fees, audit tenure and audit firm size as audit quality determinant and optimally utilize the best option that improve market price per shares. Banks management should ensure sound audit quality through robust accountability mechanism. Banks management should ensure strong internal culture focused on quality audits and professional skepticism. Banks management should engaged professional audit firms with sufficiently knowledgeable skilled, experienced and allocate sufficient time to perform audit tasks.

Keywords: Audit Quality Indicators, Market Price Per Shares, Nigeria

INTRODUCTION

The rise in corporate failure after auditors have issued an unqualified audit reports, that the financial statement of organizations shows a true and fair view has led to the demand of audit quality practices by stakeholder and interested parties. Continuous corporate failure has provoke the renewal emphasis on the overall quality of financial report and the performance of audit firm which assured the accuracy and completeness of financial reports. Financial statement audit are required by law in most jurisdiction on the company legal structure and the company firm size such as total asset, turnover and number of employees engaged by the organization. The principal agent problem delivers the economic reasoning for a financial audit. It is based on the dilemma of differenced interests of parties, the principal and the agent. Although the agent is hired by the principal and has a mission to fulfill according to the principal's interest, the agent tends to follow his own interest and to maximize his own benefits, whenever there is the opportunity. Such opportunities are given in situations of asymmetric information. Having less information than the agent, the principal cannot ensure that the agent is always acting in the principals' best interest. The agency theory provides strategies to tackle the problem between the principal and the agent, such problem are categorized into three types such

as asymmetric information, hidden characteristics, hidden information and hidden intention. This challenges between the principal and agent lead to the demand by the principal for auditing of the service carryout by the agent on behalf of the principal to enforce trust, confidence and accountability in the transaction process between the agent and the principal contracts. The objectives of an audit of financial statements is to enable the auditor to express an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework. Farouk and Hassan (2014) posited that financial statement audit is the monitoring mechanism that help to reduce information asymmetry and protect the interest of the various stakeholders by providing measurable assurance that the management financial statement are free from material misstatement. The users of audited financial statement are investors, creditors, government and government agencies, employees, competitors, investment analysts, lenders, management of the company, rating agency, suppliers, and competitors for decision making. Fraud detection was considered the primary objective of the audit process until approximately the middle twenty century. Kiabel (2016) maintained the main objective of audit has changed from fraud detection to verification of financial statement. This is because the audit profession wanted to avoid legal suits by business and the general public. Adeyemi, Okpala, and Dabor (2012) noted that there are four types of audit opinion or reports as a result of the audit function, such as unqualified audit opinion, qualified audit opinion, adverse opinion and disclaimer opinion issued by the external auditor after examining the financial statement presented by the management of the organization. The type of audit report or opinion issued by the external auditor is the outcome of the audit function, performed by the audit firm. Audit is a statutory requirement and important part of regulatory and supervisory activities for public interest entities.

Heil (2012) reported that the perceived societal role of auditors should be to contribute to market value by reducing the risks of significant misstatement and ensuring that the financial statement are prepared based on rules and regulations. Audit quality may be perceived from any of the fundamental perspectives, such as inputs, output and context factors. Coulton, Saune and Taylor (2012) posited that the input audit quality are categorized into three groups such as values, ethics and attributes of individuals auditors, the knowledge and experience of auditors and the time allocated for them to perform the audit, the effectiveness of the audit process and quality control procedures. The output audit qualities are determined by the context including legislative requirement which can be influence by stakeholders. The contextual factors include corporate government requirement and applicable financial reporting framework as well as legislature and regulatory requirement. Audit firms with larger number of clients do not depend on the revenue generated by one client, whereas an audit firm with only a couple of client has in implicitly higher economic dependency on one single client. Bedard et al. (2010) recommend the use of audit firm size as a measure of audit quality. According to them, audit firm size, the big four have higher technical competence and greater resource due to the larger company size and they have the motivation to deliver high quality services in order to protect their brand name reputations. Big audit firms have the critical mass to organize the audit firm's structure in very specialized subservice divisions specializing certain industries and services. Tritschler (2013) narrated that the big audit firms can afford to operate a technical accounting and legal department in the back office in form of a shared competence center, where all difficult issues can be delegated. Both industry specialization and shared competence functions lead to higher audit quality. The theory of audit quality in regard to audit fees seems to be very obvious. Audit fees paid to auditors can affect audit quality in different ways. Large audit fees paid to auditors may allow the auditor to increase the effort which will increase audit quality. Tritschler (2013) maintained that high audit fees paid to auditors, notably those that are related to non audit services, make auditors more economically dependent on their client. High audit fees alone can already lead to an independence issue for the auditor. Krauss, Pronobis, and Zulch (2010) reported that when the auditors receive unusually high audit fees from a client the auditors may allow the client to engage in opportunistic earnings management. Kinney and Libby (2002) reported that unexpected non audit and audit fees may more accurately be likened to attempted bribes and will reduce the quality of reported earnings through the auditors reduced willingness to resist client biases to manage earnings. Hoitash, Markelevich and Barragato (2007) posited that economic dependency of an auditor on the client increases when the auditor receives higher total audit fees from the client. High audit fees are as a result of high audit risk, auditor will receive a high risk premium if they agree on a high risk

engagement. Tritchler (2013) maintained that audit will have to perform more substantive testing in order to reduce risk. High audit effort justifies higher audit fees. Low audit fees paid to the auditor can lead to a decrease of audit quality, aspects the auditor will not put as much effort in the engagement compared to large audit fees engagement which directly increase audit quality. Peemoller (2012) reported that audit tenure is the audit firm's total duration to hold their client or number of consecutive years that the audit firm has audited the client. John, Hasas-Yaganeh and Azinfar (2012) stated that the longer the duration to hold a client the more client specific experience and client specific knowledge can be accumulated. The longer client auditor relationship familiarity threats can impair independence. There is the likelihood of sympathy between the auditor and the client will increase in the long tenure relationship. Fairchild (2008) reported that this phenomenon may lead to a lower audit quality since the auditor becomes more prone to the danger of turning a blind eye on inappropriate managerial actions. Siregar (2012) reported that mandatory auditor switch increases audit costs and increases audit failure risk, especially in the initial years, where they must rely heavily on management estimates. Siregar (2012) noted that with the course of the engagement over years, auditors learn the client and its business processes resulting in a more effective audit and better assessment of management estimates. Carcello (2004) reported that long tenured auditor client relationships, actually increases audit quality due to the fact that clients operation and reporting issues become more familiar and known to the auditor. Due to the fact that a new auditor will not have the benefit of client specific knowledge and experience of the previous auditor, audit quality is likely to decrease in the year of the auditor switch. GAO (2005) reported that audit quality increases with the course of time since client specific knowledge and client specific experience is gathered. After a certain period of years, advocacy and familiarity threats may gain ground. High audit quality reduces the risk of business failure because it serve as deterrence to fraud and increase investor confidence leading to high investment which increase firm value and financial performance.

Stanley (2011) reported that tobin's-Q is defined as the ratio of market value of the firm to the replacement cost of its assets. Tobin's Q is the reflection of the market anticipations about future profitability against returns on assets or gross margin basis, which are connected to current profitability. It specifies the percentage of the firm's financial performance as a ratio of the market value to the replacement cost of the firm's value. Tobin's Q was earlier used to measure the performance of the company since it contains a combination of accounting book value and market value information, and seems to be free from managerial manipulation. Differences in Audit Quality result in variations in the credibility of auditors and the reliability of the earnings reports of banks. The corporate financial scandals at the start of the century pose a great challenge to the veracity, credibility, utility or value relevance of the audit function. In Nigeria, corporate scandals include the cases of Cadbury Nigeria Plc and African Petroleum; Savannah Bank and African International Bank; Wema Bank, Finbank and Spring Bank and more recently Intercontinental Bank Plc, Oceanic Bank Plc. and AfriBank Plc. These are known publicly reported cases that resulted in misleading financial reports. There is concern about the quality of accounting income and its relationship with the quality of the auditing process which has been observed to increase over time following the periodical clusters of business failures, frauds, and the litigations. The issue is whether these corporate collapses are not the outcome of poor audit quality and the inability of the audit function to arrest earnings misreporting and financial misstatements.

Empirical evidence indicate that much of the studies on audit quality and financial performance and audit quality and firm value are carryout in developed countries such as (Monametsi & Agasha, 2020; Wijaya 2019; Ani & Mohammed, 2015; Elewa & El-Haddad, 2019; Paydarmansh, Salehi, Moradi & Khorrami 2014; Tambun, Manurung, & Murwaningsari 2018; Sayyar, Basiruddin, Abdul Rasid & Elhabib 2016 Rahimi & Amini 2015; Baffa & Yeor 2017; Thipham, Itzenverger, & Mcenally 2020; Jorjam & Gerayeli 2018; Ching, San, & Hoe 2015; Talat & Nazir 2014; Ado, Rashid & Mustapha 2020; Barzegarnezhad 2017; Ahmad, Suhara, & Ilyas 2016; Halim 2017). Empirical evidence suggests that few studies have been conducted on audit quality and market share price in manufacturing firm in Nigeria. (see Okoli & Izedonmi, 2014; Okoli, 2014; Ugwunta, Ugwuanyi, & Ngwa 2018; Felix & Chinyere, 2020; Abba & Sudah, 2020; Morufu & Oluwasenu 2020). Past studies focused on manufacturing firms and none was on banking. But the current study focused on audit quality indicators and market price per share of listed deposit money banks in Nigeria. The results of these studies mention above are mixed, inconsistent an often contradictory. The previous studies

mention above adopt earnings management, accrual quality, discretionary accruals, going concern report, audit firm size, audit quality, auditor independence, audit firm industrial experience, audit team attribute, audit firm rotation as a measure of audit quality while this current study adopt audit firm size, audit tenure, audit fee as a measure of audit quality indicators. Market price per shares was proxies by dividend yield, dividend per share, price earnings ratio, book dividend cover, book value per share, net assets by past studies mention above while this current study adopt Tobin's Q as a measure of market price per shares. Hence this study intends to investigate the relationships between audit quality indicators and market price per share of listed deposit money banks in Nigeria.

Statement of the Problem

Inefficiencies on the part of management could lead to structured financial statements. These financial statements ordinarily do not show the true state of affairs and financial position of the organization and hence, could jeopardize the decisions of prospective investors. Adverse results on investment would reduce the credibility of the financial statements; which would in turn reduce the level of capital flow, thereby deteriorating the state of the business environment. The onus therefore rests on the auditors to address these issues through efficient and effective execution of the audit assignment, and the resultant production of a quality report. Audit quality is considered as controversial issues in the recent time and lack of audit quality is among the factors behind financial and corporate scandals, (Soltani, 2014). High-quality external audit has become an important policy issue following corporate scandals such as Enron, WorldCom, (Ilaboya & Ohiokha, 2014). In Nigeria, the seemingly persistent bank failures have raised some fundamental issues on the quality of audit and the independence of the external auditors. In particular, regulators have often expressed their concern that the length of the auditor-client relationship (or auditor tenure) and executives association with auditors could impair auditor independence and thus audit quality. The quality of an audit depends simultaneously on several audit firm features such as auditor specialty, audit report lag, auditor independence, auditor tenure, audit firm size, audit fee, auditor enterprise, audit company type (Abedalqader, Ibrahim, & Baker 2010). These features are peculiar to a particular audit firm, and can be jointly referred to as the audit firm characteristics that have potentially varying effects on the firm. The quality of corporate financial disclosure has become an important policy issue following notorious corporate scandals that occurred in both the international and local scene, for example: Enron scandal of 2001; Parmalat in 2003; Cadbury Nigeria Plc in 2006 and Afribank Nigeria Plc in 2009. Countries all around the world have set codes of best practice as guidelines to address governance and financial reporting anomalies (Adeyemi, Okpala, & Debor, 2012): The goal of these regulations was to improve firms' corporate governance environments. However, despite the interventions of regulatory authorities, the challenges of ensuring credibility in financial reporting and auditing are still prevalent. It has been found that while the perceived reliability of audited financial information has declined, the perceived relevance of audited financial information has increased (Farouk & Hassan, 2014).

Objectives of the Study

The objective of this study is to ascertain the relationship between audit quality indicators and market price per shares of listed deposit money banks in Nigeria. The specific objectives are to;

1. Ascertain the relationship between audit fees and Tobin Q of listed deposit money banks in Nigeria.
2. Identify the relationship between audit tenure and Tobin's Q of listed deposit money banks in Nigeria.
3. Investigate the relationship between audit firm size and Tobin's Q of listed deposit money banks in Nigeria.

Research Hypothesis

The following hypothesis was formulated as a guide for the study

- H₀₁:** There is no significant relationship between audit fees and Tobin's Q of listed deposit money banks in Nigeria.
- H₀₂:** There is no significance relationship between audit tenure and Tobin's Q of listed deposit money banks in Nigeria.
- H₀₃:** There is no significant relationship between audit firm size and Tobin's Q of listed deposit money banks in Nigeria.

LITERATURE REVIEW

Theoretical Review

Theory of Inspired Confidence

The theory of inspired confidence was developed by Dutch Professor, Theodore Limperg in 1985. The theory of inspired confidence stated that the auditor as a confidential agent derives his broad function in society from the need for expert and independent examination as well as the need for an expert and independent judgment supported by the examinations. Thus, accountants and auditors are expected to know and realize that the public continues to expect a low rate of audit failures. This requires that the auditors must plan and perform their audit in a manner that will minimize the risk of undetected material misstatements. The accountant is under a duty to conduct his work in a manner that does not betray the confidence which he commands. The importance of the theory of inspired confidence is that the duties and responsibilities of the auditors are a derivation from the confidence that are bestowed by the public on the success of the audit process and the assurance which the opinion of the accountant conveys. Since this confidence determines the existence of the process, a betrayal of the confidence logically means a termination of the process or function. Audit provides assurance to the owners and management of companies and to investors and stakeholders, and along with financial reporting, corporate governance and regulations, supports confidence in the capital markets. The demand for audit services is the direct consequence of the participation of third parties in the company in which they demand accountability from the management, in return for their investments in the company (Sarens & Beelde, 2006). The theory of inspired confidence addresses both the demand and supply for audit services. Accountability in the banking industry may be realized through the issuance of periodic financial reports concerning the market value of various quoted deposit money banks in Nigeria. However, since this information provided by the management may be biased and outside parties have no direct means of monitoring, an audit is required to assure the reliability of this information in order to have high quality report for the users of the financial statements. With regard to the supply of audit assurance, the auditor should always strive to meet public expectations (Appah & Bariweni, 2013). The main importance of this theory is that, the duties and responsibilities of the auditors are derived from the confidence and trust that the public bestowed on the success of the audit and the assurance given by the auditor.

Conceptual Review

Audit Quality Indicators

Arens, Elder, Randal, Mark, and Beasley (2012) noted that auditing is the accumulation and evaluation of evidence about information to determine and report on the degree of correspondence between the information and established criteria. Similarly, Messier (2008) states that auditing is a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria and communicating the results to interested users. If users of the financial statements are to believe and rely on the auditor's opinion, it is essential that the auditor is, or is perceived to be independent of the entity, its management and all other influences. Palmrose (1988) defines audit quality as the level of assurances the probability that financial statements contain no material omissions or misstatements and argues that a higher level of assurances corresponds to a higher quality of audit services. Being an important implication of her definition, she adds that audit failure, being a financial statement with omissions and or misstatements, is less likely to occur when audit services are of higher quality. High quality auditors with a substantial reputation for detecting and reporting irregularities have great incentives to reduce the likelihood of audit failure in order to retain their reputation. In a situation of a litigation of an auditor, auditors therefore often try to settle the matter out of court in order to avoid damage to their reputation. She argues that audit quality is inversely related to, although seldom seen, litigation against an auditor. Thus, when using the litigation rate as a measure for audit quality, auditors with relatively low litigation rates provide a higher quality of audit services (Palmrose, 2001).

Audit Fees

Audit fees refer directly to payments made to the auditor that relates directly to the audit function, non-audit fee is concerned with payments for other non-audit services rendered by the auditor. Generally, the audit fee should cover audit costs and provide a reasonable profit. Therefore, the audit

fee can be seen as a combination of two items; audit cost and profit or auditors reward. Al-Matarinah (2003) points out that auditor's fees refer to the mounts charged by the auditor because of performing an audit of a company's accounts. One of the first theories regarding the determinants of the audit fees was developed by (Simunic, 1980). He proves that the level of the audit fees depends first on the auditor's effort. The connection between the price of the audit and the effort for its accomplishing is a natural one, because any audit mission is carried out according to some compulsory standards and rules established by professional auditing organizations. Audit fee as an important factor of audit quality has been used in several studies, specifically in examining the link between audit quality and the size (for instance, DeAngelo, 1981; Francis, 2004; Hay & Davis, 2004). Greater audit fees are also associated with the choice of qualified auditors. In spite of higher audit fee, some clients are more interested in using large audit firms. Clients are confident that large audit firms have greater monitoring and bonding in order to capture higher audit quality (Hay & Davis, 2004). Enofe, Mgbama, Okunrobo, and Izon (2012) argue that audit fee is the amount of money received by an audit firm in carry out audit assignment. The normal or expected rate of change in the audit fee reflects objective factors such as firm size, the complexity of the audit issues affecting the items appearing on the firm's profit and loss account and its balance sheet as well as the changes that have occurred in the institutional and accounting frame work since the audit was last conducted. Yuniarti (2011) says that the amount of audit fee depends on the risk of assignment, the complexity of services provided, expertise, and other professional considerations. It shows that the higher audit fee will provide a higher quality audit as well. The researcher also adds that the amount of audit fee can affect the independence of public accountants' appearance because the big fee can make accounting firms become reluctant to oppose the will of the client, while small fee can limit the time and cost to perform complete audit procedures.

Audit Tenure

Auditor Tenure is defined in this study as the length of the auditor-client relationship. A rather too long association between the auditor and his client may constitute a threat to independence as personal ties and familiarity may develop between the parties, which may lead to less vigilance on the part of the auditor and even to an obliging attitude of the latter towards the top managers of the company. 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. In reaction, and without mandating auditor rotation, stock market authorities generally impose a rotation of engagement partners. In the US, this rotation was reduced from seven to five years by the Sarbanes-Oxley Act, 2002. Frankel et al. (2002) observe a negative relationship between auditor tenure and abnormal accruals in absolute value, as well as a moderating effect of the former variable on income-decreasing earnings management. Arguments on auditor tenure have been anchored on two distinct hypotheses. The first is the auditors' independence which revolves around the fact that longer audit tenure could be a threat to independence. This argument is hinged on the fact that longer union between the client and the auditor may raise too much familiarity which could threaten honest neutrality (Vanstraelen, 2000; Carey & Simnett, 2006). Secondly, the expertise hypothesis postulates that extended tenure improves the working relations between the auditors and firm which makes for better understanding and learning on the job. Geiger and Raghunandan (2002) argue that auditor's expertise theory anchors on information asymmetry in the auditor-client relationship. The information asymmetry diminishes over time as the auditor obtains further understanding of the company to gain more knowledge of the business and operation environment (Odia, 2015).

Audit Firm Size

The difficulty in measuring audit quality has led many researchers to use audit firm size as a surrogate. Large audit firms are assumed to perform more powerful tests. As a consequence, larger audit firms are more likely to be associated with more precise information than are smaller audit firms, all else being equal (Beatty, 1989; Titman & Trueman, 1986). Analytical research has suggested that audit firm size and audit quality are positively related. For example, DeAngelo (1981) proposes that larger firms provide higher-quality audits because larger audit firms have fewer incentives to compromise their standards to ensure retention of clients in comparison with smaller firms. Dopuch and Simunic (1982) argue that audit quality is a function of the number and extent of

audit procedures performed by the auditor and that larger firms have more resources with which to conduct tests. The size of audit firm has been used as a surrogate for audit quality, that is, large audit firms have a reputation to safeguard and therefore will ensure an independent quality audit service. Larger audit firms have better financial resources and research facilities, superior technology and more talented employees to undertake large company audits than do smaller audit firms. 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 (Lys & Watts, 1994). Therefore, the size of audit firm is an important characteristic that reflects auditor independence. Thus, the issue of maintaining auditor independence is more crucial for smaller firms than larger firms. A large body of research examines the relationship between audit firm size and audit quality. DeAngelo (1980) argues that large audit firms are more independent and hence of higher quality both because of advanced techniques and more wealth at risk upon audit failure.

Market Price Per Share

Market price per share is the most recent price of a single share in a publicly traded stock market price per share is influenced by supply and demand when more people are trying to buy a stock than sell it the market price will rise. Market price per share is the price that a stock can be readily purchased or sold in the current market place (Nehe & Bajaj, 2017). It is the going price of a share of stock. The market price per share may vary everyday due to changes and fluctuations in the stock market and economy. Market price per share is affected by not only the economy as a whole but also investors' perceptions and expectations (Hemadivya & Rama, 2013). Hery (2017) stated that the price of a stock is strongly influenced by the law of demand and supply. The price of the stock tends to rise when a stock experiencing excess demand and tends to fall if the case of excess offer. When more people are trying to sell a stock than buy it, the market price will fall. These actions may be driven by company assets, such as good or bad news released about earnings reports. Supply and demand can driven non financial factors such as new laws, government regulations, chief executive, officer controversy. The market price per share is used to determine a company market capitalization. Market price per share is the recent share price of a company divide by the total number of outstanding shares.

Tobin Q

Tobin's Q is the market price of a company divided by its assets replacement cost. Equilibrium is when market value equals replacement cost. Tobin Q ratio is expresses as the relationship between market valuation and intrinsic value. In other words it is a means of estimating whether a given business or market is overvalued or undervalued. Tobin's Q measure whether a form or an aggregate market is relatively over or undervalued it relies on the concepts of market value and replacement value. Tobin's is the equity market value divided by equity book value. Tobin Q is calculated as the market value of a company divided by the replacement value of the firm's assets. Jeff et al. (2012) maintained that tobin's Q is used to determine whether an entire market is relatively overbought or undervalued. A ratio greater than one would theoretically indicates that the market or company is overvalued while a ratio that is less than one would imply that it is undervalued. Matoke and Omwenga (2016) argued that tobin's Q ratio assets that a business or a market is worth what it costs to replace the cost necessary to replace the business or market is its replacement value replacement value or replacement cost is the cost of replacing an existing asset based on its current market price. Tobin's Q ratio takes the total market value of the firm and divides it by the total value of the firm. An undervalued company, one with a ratio of less than one, would be attractive to corporate raiders or potential purchaser as they may want to purchase the firm instead of creating a similar company.

Empirical Review

Matoke and Omwenga (2016) sought to establish the relationship between audit quality and financial performance of listed companies in Nairobi Securities Exchange. This study adopted a descriptive research design. The sampling frame was drawn from directories of the Nairobi Securities Exchange Limited; consisting of all 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. After inspection, the data was coded and analyzed by the use of descriptive statistics and multiple linear regression analysis using SPSS. Findings of the study showed that the effect of audit

quality on financial performance is positive and significant. The impact of auditor size was also positive and significant, although, its impact was lesser than that of auditor independence. Hamed, Haron, Ali, and Hasan (2016) examine the impact of audit quality of firm performance for Malaysian listed companies for the period of 2003 to 2012. In this study used audit fees and audit firm rotation as proxies for audit quality. Return on assets and Tobin's q are used as measures for firm performance. The study found that there is insignificant relationship between audit quality proxies (audit fees and audit firm rotation) and ROA. They also found that an audit fee is significantly and positively related to Tobin's Q. However, audit firm rotation is insignificantly related to Tobin's Q. Ugwunta et al. (2018) assess the effect of audit quality on share prices in Nigerian oil and gas sector using regression and covariance analyses. Findings show that audit committee composition and auditor type has significant effect on market prices of quoted firms. The covariance analysis suggests that while auditor type, auditor independence, and composition of the audit committee have significant relationship with market price of shares, audit tenure has a negative relationship with the market price per shares. This study is timely but it focused only on aspect of performance hence the need for a study that will study the effect of audit quality on performance generally. Mustafa and Abdulwahab (2018) examined the nexus between audit quality and firm performance for listed oil and gas firms in Nigeria. The study employed secondary source of data and the annual reports and accounts serving as the main source of data collection. The study finds that there is insignificant relationship between audit quality proxies (audit fees, audit firm size, audit firm tenure, and audit timeliness) and firm value. Although, the study also found that audit quality proxies are significantly and positively related to firm value, a measure of audit quality (audit firm tenure) is found to be negatively related to Tobin's Q.

RESEARCH METHODOLOGY

This study adopts ex-post facto as well as descriptive research design using panel data for thirteen years, 2006-2019. This type of research design is used where the phenomenon under investigation has already taken place. The population of this study comprises all the fourteen quoted banks on the Nigeria Stock Exchange. The purposive and judgmental sampling technique was adopted in this study to select twelve of the quoted banks to represent the sample size. This study adopts secondary data method of data collection. Secondary data were obtained from audited annual financial reports of quoted banks from 2006-2019. The study adopted the use of panel least square regression through pooled effect, fixed effect, random effect determined by Hausman test to test the formulated hypothesis at 0.05 level of significance, with the aid of Eviews 10 econometric statistical software. The study also carry out unit root test, co-integration test, granger causality test, vector error correctional estimates, error correction model test. Audit fees is measured as Natural log of the audit fees paid by the company, Audit Tenure Length of auditor-client relationship '1' if 3 years plus '0' if otherwise. Audit Firm Size '1' if the audit firm used by the bank within the period of study is the Big4 such as PWC, KPMG Deloitte and Ernst & Young otherwise '0'. Market Price Per share was measured by Tobin's Q. Tobin Q is derived by total market value of the firm divide by total asset of the firm.

Model Specification

$$\begin{aligned} \text{MPS} &= f(\text{AQI}) && \text{i} \\ \text{MPS} &= \alpha_0 - \alpha_1 \text{AQI} + \varepsilon_{it} && \text{ii} \end{aligned}$$

Functional Relationship

$$\begin{aligned} \text{TBQ} &= f(\text{AFS}, \text{ATE}, \text{AFZ}) && \text{iii} \\ \text{TBQ}_{it} &= \beta_0 + \beta_1 \text{AFS}_{it} + \beta_2 \text{ATE}_{it} + \beta_3 \text{AFZ}_{it} + \varepsilon_{it} && \text{iv} \end{aligned}$$

Where

- AQI = Audit Quality Indicators
- MPS = Market Price Per Shares
- AFS = Audit Fees
- ATE = Audit Tenure
- AFZ = Audit Firm Size

TBQ = Tobin Q
 $it_1 - it_4$ = Slope
 $\beta_1 - \beta_4$ = Regression Coefficient
 α = Regression Constant
 ε_{it} = Error Term

Data Analysis and Interpretation

Table 4.1: Summary of Unit Root Test at First Difference Level One for All Variables

Variables	Methods of Test	Coefficient	Probability	Level	Discovery	Decision
DAFS	Levin, Lin & Chu t*	-7.25178	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	Im, Pesaran and Shin W-stat	-7.65827	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	ADF - Fisher Chi-square	99.4386	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	PP - Fisher Chi-square	138.484	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
DATE	Levin, Lin & Chu t*	-14.5466	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	Im, Pesaran and Shin W-stat	-12.2940	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	ADF - Fisher Chi-square	61.7400	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	PP - Fisher Chi-square	56.3506	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
DAFZ	Levin, Lin & Chu t*	-4.96306	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	Im, Pesaran and Shin W-stat	-4.37766	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	ADF - Fisher Chi-square	14.3213	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	PP - Fisher Chi-square	14.3213	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
DTBQ	Levin, Lin & Chu t*	-5.47659	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	Im, Pesaran and Shin W-stat	-9.24411	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	ADF - Fisher Chi-square	123.530	0.0000	1(1)	No Unit Root	Stationary at 1 st difference
	PP - Fisher Chi-square	170.251	0.0000	1(1)	No Unit Root	Stationary at 1 st difference

Source: Extract from Unit Root Test Result E-view 10 2021

Table 4.1 explain unit root test result. The result of the Levin, Lin and Chu test, Im pesaran ADF-fisher chi-square and PP-fisher chi-square shows that all variable are stationary at first differences since the probability values is less than 0.05 percent level of significance. The null hypothesis is rejected on the basis that the absolute value of the calculated ADF test is larger than the absolute value of the Mackinnon critical value. Therefore, the variables adopted for this study are stationary at first difference. The first differences of the log series of determinant variables are stationary.

Table 4.2: Pooled Effect for Tobin Q

Dependent Variable: TBQ
 Method: Panel Least Squares
 Date: 07/19/21 Time: 12:44
 Sample: 2006 2019
 Periods included: 14
 Cross-sections included: 13
 Total panel (balanced) observations: 182

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	19.48471	30.06600	0.648065	0.5178
AFS	1.925017	1.559873	1.234086	0.2188
ATE	-32.07298	6.191729	-5.179972	0.0000
AFZ	-23.47017	5.533481	-4.241483	0.0000
R-squared	0.543123	Mean dependent var		3.406923
Adjusted R-squared	0.430367	S.D. dependent var		22.27653
S.E. of regression	19.54292	Akaike info criterion		8.804836
Sum squared resid	67982.77	Schwarz criterion		8.875254
Log likelihood	-797.2401	Hannan-Quinn criter.		8.833382
F-statistic	19.05900	Durbin-Watson stat		1.910328
Prob(F-statistic)	0.000000			

Table 4.2: Described the pooled or common effect regression result for the joint impact of the relationship between audit fees, audit tenure and audit firm size on Tobin Q of quoted banks in Nigeria. The common constant also called the pooled effect ordinary least square method of estimation presents result under the principal assumptions that there are no differences among the data metrics of the cross section dimension. In order words, the common constant model of fixed effect model estimates the common constant for all cross sections, the common constant method implies that there are no differences between the estimates cross section and it is useful under the hypothesis that the data set is a prior homogenous. The result shows audit fees had positive and insignificant impact on Tobin Q of quoted banks in Nigeria. The result also indicate that audit tenure had negative and significant impact on Tobin Q while audit firm size had negative and significant impact on Tobin Q of quoted banks in Nigeria. The coefficient of determination which measure goodness of fit as indicated by R-square is 0.543123. This means that 54% of the variation observed in the explained variable (Tobin Q) was explained by variation in the explanatory variables (audit fees, audit tenure and audit firm size) while 46% of the changes were explained by unknown variable. The f-statistic of Tobin Q is 19.05900 and the probability of the f-statistic which is value at 0.00000 is less than 0.05 at 5% level of significance. This indicates that audit fees, audit tenure and audit firm size had a significant impact on Tobin Q of quoted banks in Nigeria. The Durbin Watson statistics test shows 1.910328. This suggests that there is no serial auto-correlation in the model since the Durbin Watson result is within the accepted thresholds.

Table 4.3: Fixed Effect for Tobin Q

Dependent Variable: TBQ
 Method: Panel Least Squares
 Date: 07/19/21 Time: 12:45
 Sample: 2006 2019
 Periods included: 14
 Cross-sections included: 13
 Total panel (balanced) observations: 182

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.177185	30.65256	-0.005780	0.9954
AFS	4.378062	1.486936	2.944351	0.0037
ATE	-28.50528	4.884434	-5.835943	0.0000
AFZ	-55.11431	6.717464	-8.204630	0.0000

Effects Specification				
Cross-section fixed (dummy variables)				
R-squared	0.622859	Mean dependent var	3.406923	
Adjusted R-squared	0.588780	S.D. dependent var	22.27653	
S.E. of regression	14.28515	Akaike info criterion	8.240124	
Sum squared resid	33874.88	Schwarz criterion	8.521794	
Log likelihood	-733.8512	Hannan-Quinn criter.	8.354309	
F-statistic	18.27689	Durbin-Watson stat	2.005961	
Prob(F-statistic)	0.000000			

Table 4.3: Described the fixed effect regression model one result indicating that audit quality practices is proxied by audit fees, audit tenure and audit firm size while market value is proxied by Tobin Q. The fixed effect method constant are treated as group or section specific, the model allowing for different constant for each group and section. The fixed effect estimators is also known as the least square random variables estimators because the model allow for different constant for each group. Empirical evidence shows that audit fees had a positive and significant impact on Tobin Q and audit tenure had a negative and significant impact on Tobin Q while audit firm size had a negative and significant impact on Tobin Q of quoted banks in Nigeria. The coefficient of determination R^2 square of the regression model indicate 0.622859 implies that 62% variations in dependent variables (Tobin Q) can be attributed to the changes or influences of our explanatory variables while the remaining 38% variations were cause by others factor not included in the model. However, the overall f-statistics is 18.27689 with a probability value of 0.000000 which indicates that the explanatory variables of audit fees, audit tenure and audit firm size had significant impact on the dependent variable (Tobin Q) because the probability of f-statistics is less than 5%, the level of significance adopted for this study. The Durbin Watson statistics test result reveals 1.995961 which is within the acceptable the thresholds and the limit. Suggest that there is no autocorrelation in the model. The probability value of the f-statistic test is 0.000000 which is less than 0.05 significance level. Hence, reject H_0 and accept H_1 Therefore we conclude that audit fees, audit tenure and audit firm size had a positive and significant impact jointly on Tobin Q of quoted banks in Nigeria.

Table 4.4: Random Effect for Tobin Q

Dependent Variable: TBQ
 Method: Panel EGLS (Cross-section random effects)
 Date: 07/19/21 Time: 12:46
 Sample: 2006 2019
 Periods included: 14
 Cross-sections included: 13
 Total panel (balanced) observations: 182
 Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-6.196044	29.09083	-0.212990	0.8316
AFS	4.362905	1.422967	3.066061	0.0025
ATE	-29.06964	4.838982	-6.007386	0.0000
AFZ	-47.71474	6.136093	-7.776079	0.0000
Effects Specification				
			S.D.	Rho
Cross-section random			11.10209	0.3766
Idiosyncratic random			14.28515	0.6234
Weighted Statistics				
R-squared	0.736936	Mean dependent var		1.107917
Adjusted R-squared	0.427446	S.D. dependent var		19.46340
S.E. of regression	14.72743	Sum squared resid		38607.68
F-statistic	46.04251	Durbin-Watson stat		0.578294
Prob(F-statistic)	0.000000			
Unweighted Statistics				
R-squared	0.149930	Mean dependent var		3.406923
Sum squared resid	76353.36	Durbin-Watson stat		1.992411

Table 4.4: Narrate the panel random effect ordinary least square regression indicating that audit quality practices is measured by audit fees, audit tenure and audit firm size while market value is measured by Tobin Q. The result shows that audit fees had a positive and significant impact on Tobin Q and audit tenure had a negative and significant impact on Tobin Q while audit firm size had a negative and significant impact on Tobin Q of quoted banks in Nigeria. The coefficient of determination R square of the regression model indicate 0.736936 implies that 73% variations in dependent variables (Tobin Q) can be attributed to the changes or influences of our explanatory variables while the remaining 27% variations were cause by others factor not included in the model. However, the overall f-statistics is 46.04251 with a probability value of 0.00000 which indicates that the explanatory variables of audit fees, audit tenure and audit firm size had positive and significant impact on the dependent variable (Tobin Q) because the probability of f-statistics is less than 5%, the level of significance adopted for this study. The result of the Durbin Waton statistics is within the acceptable limit. Therefore, the random effect model has no autocorrelation. The probability value of the f-statistic test is 0.00000 which is less than 0.05 significance level. Hence, reject H_0 and accept H_1 Therefore we conclude that audit fees, audit tenure and audit firm size (independent variables) had positive and significant impact on our dependent variable (Tobin Q) of quoted banks in Nigeria.

Table 4.5: Likelihood Ratio Test for Tobin Q

Redundant Fixed Effects Tests
Equation: Untitled
Test cross-section fixed effects

Effects Test	Statistic	d.f.	Prob.
Cross-section F	13.928486	(12,166)	0.0000
Cross-section Chi-square	126.777659	12	0.0000

Cross-section fixed effects test equation:

Dependent Variable: TBQ

Method: Panel Least Squares

Date: 07/19/21 Time: 12:48

Sample: 2006 2019

Periods included: 14

Cross-sections included: 13

Total panel (balanced) observations: 182

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	19.48471	30.06600	0.648065	0.5178
AFS	1.925017	1.559873	1.234086	0.2188
ATE	-32.07298	6.191729	-5.179972	0.0000
AFZ	-23.47017	5.533481	-4.241483	0.0000

R-squared	0.243123	Mean dependent var	3.406923
Adjusted R-squared	0.230367	S.D. dependent var	22.27653
S.E. of regression	19.54292	Akaike info criterion	8.804836
Sum squared resid	67982.77	Schwarz criterion	8.875254
Log likelihood	-797.2401	Hannan-Quinn criter.	8.833382
F-statistic	19.05900	Durbin-Watson stat	0.310328
Prob(F-statistic)	0.000000		

Table 4.5: Explained the panel redundant fixed effects tests or the likelihood ratio test that evaluate the best fit or superior model between the panel pooled effect model and the panel fit effect regression model. The cross section f-statistics result shows 13.928486 with a probability value of 0.0000 which is less than 0.05 significance level. The hypothesis of the redundant fixed effect model test or likelihood ratio test state that if the cross section f-statistics probability is greater than 0.05 significance level then the panel pooled regression effect model is appropriate (null hypothesis) while if the cross section f-statistic probability value is less than 0.05 significance level the panel fixed effect model is appropriate (the alternate hypothesis). Based on the result of our redundant fixed effect test which the cross section f-statistics probability is 0.0000 which is less than 0.05 significance level. We therefore accept the fixed effect model. Based on our result, we proceed to determine our evaluate between fixed effect and random effect model using the Hausman specification test.

Table 4.6: Hausman Specification Test for Tobin Q

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	14.192572	3	0.0027

Cross-section random effects test comparisons:

Variable	Fixed	Random	Var(Diff.)	Prob.
AFS	4.378062	4.362905	0.186143	0.9720
ATE	-28.505282	-29.069638	0.441949	0.3959
AFZ	-55.114307	-47.714744	7.472687	0.0068

Cross-section random effects test equation:

Dependent Variable: TBQ

Method: Panel Least Squares

Date: 07/19/21 Time: 12:49

Sample: 2006 2019

Periods included: 14

Cross-sections included: 13

Total panel (balanced) observations: 182

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-0.177185	30.65256	-0.005780	0.9954
AFS	4.378062	1.486936	2.944351	0.0037
ATE	-28.50528	4.884434	-5.835943	0.0000
AFZ	-55.11431	6.717464	-8.204630	0.0000

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.622859	Mean dependent var	3.406923
Adjusted R-squared	0.588780	S.D. dependent var	22.27653
S.E. of regression	14.28515	Akaike info criterion	8.240124
Sum squared resid	33874.88	Schwarz criterion	8.521794
Log likelihood	-733.8512	Hannan-Quinn criter.	8.354309
F-statistic	18.27689	Durbin-Watson stat	0.695961
Prob(F-statistic)	0.000000		

Table 4.6: Explained Hausman specification tests which compare between the fixed effect model and the random effect model the best fit for analysis. The hypothesis of the Hausman specification test state that if the cross section random probability value is greater than 0.05 significance level then (random effect is appropriate) (null hypothesis) while if the cross section probability is less than 0.05 significance level then (fixed effect model is appropriate) (alternate hypothesis). Based on the result of our Hausman specification test which the cross section random chi-square statistics indicates 14.192572 with a probability value of 0.0027 which is less than 0.05 significance level. Therefore the validity and reliability of the empirical result of fixed effect model of upheld. Hence, the best choice

among the three model common constant effect model, fixed effect model and redundant effect model is the fixed effect model.

Table 4.7: Pedroni Residual Cointegration Test for Tobin Q

Pedroni Residual Cointegration Test
 Series: TBQ AFS ATE AFZ
 Date: 07/19/21 Time: 13:05
 Sample: 2006 2019
 Included observations: 182
 Cross-sections included: 1 (12 dropped)
 Null Hypothesis: No cointegration
 Trend assumption: No deterministic trend
 Automatic lag length selection based on SIC with a max lag of 1
 Newey-West automatic bandwidth selection and Bartlett kernel

	Alternative hypothesis: common AR coeffs. (within-dimension)		Weighted	
	Statistic	Prob.	Statistic	Prob.
Panel v-Statistic	0.167803	0.0334	0.167803	0.0334
Panel rho-Statistic	-0.926686	0.0770	-0.926686	0.0770
Panel PP-Statistic	-2.883981	0.0020	-2.883981	0.0020
Panel ADF-Statistic	1.050348	0.0532	1.050348	0.0532

Alternative hypothesis: individual AR coeffs. (between-dimension)

	Statistic	Prob.
Group rho-Statistic	-0.579507	0.0811
Group PP-Statistic	-3.294389	0.0005
Group ADF-Statistic	1.647506	0.0503

Table 4.7: Shows pedroni residual cointegration test that all variables are significantly related to the long run. The result shows that all the pedroni residual cointegration test methods such as panel v-statistic, panel rho-statistic, panel PP-statistics and panel ADF-statistic probability values are less than 0.05 significance level. This suggests that in the long run variables play significant role in stimulating the activities of each other specifically in different form. Therefore, there is a presence of long run relationship among the variables.

Table 4.8: Pairwise Granger Causality Test for Tobin Q

Pairwise Granger Causality Tests
 Date: 07/19/21 Time: 13:09
 Sample: 2006 2019
 Lags: 2

Null Hypothesis:	Obs	F-Statistic	Prob.
AFS does not Granger Cause TBQ	156	20.1331	2.E-08
TBQ does not Granger Cause AFS		9.18795	0.0002
ATE does not Granger Cause TBQ	156	1.52647	0.2206
TBQ does not Granger Cause ATE		9.82787	0.0001
AFZ does not Granger Cause TBQ	156	1.29682	0.2764
TBQ does not Granger Cause AFZ		28.3344	4.E-11
ATE does not Granger Cause AFS	156	0.87377	0.4195
AFS does not Granger Cause ATE		0.00213	0.9979
AFZ does not Granger Cause AFS	156	2.74445	0.0675
AFS does not Granger Cause AFZ		1.30997	0.2729
AFZ does not Granger Cause ATE	156	0.67851	0.5089
ATE does not Granger Cause AFZ		0.49324	0.6116

Table 4.8 indicates pairwise granger causality test result for the independent and dependent variable (audit fees, audit tenure, audit firm size and Tobin Q). The result revealed that there is uni-directional relationship between audit fees and Tobin Q. the result also reveal that Tobin Q granger cause audit fees. Empirical evidence suggest that audit tenure does not granger cause Tobin Q but Tobin Q granger cause audit tenure. The result further shows that there is a uni-directional relationship between audit firm size and Tobin Q also that there is uni-directional relationship between audit firm size and audit fees of quoted banks in Nigeria because the probability values of the variables are greater than the chosen 0.05 significance level. This implies that increases in the activities of effective audit fees, audit firm size and audit tenure improved Tobin Q of quoted banks in Nigeria.

Table 4.9: Error Correction Estimates Test for Tobin Q

Vector Error Correction Estimates
 Date: 07/19/21 Time: 13:14
 Sample (adjusted): 2009 2019
 Included observations: 143 after adjustments
 Standard errors in () & t-statistics in []

Cointegrating Eq:	CointEq1
TBQ(-1)	1.000000
AFS(-1)	1.489420 (1.15937) [1.28468]
ATE(-1)	-34.09980 (6.78664) [-5.02455]
AFZ(-1)	-5.020592 (3.67248) [-1.36708]
C	8.964698

Table 4.9: Shows vectors error correctional estimate for independent variables Tobin Q and dependent variable audit fees, audit tenure and audit firm size of listed deposit money banks in Nigeria. The vector error correctional model shows that one percent change in audit fees will lead to 1.489420 decreases in Tobin Q of listed deposit money banks in Nigeria. The result of the vector error correctional estimates show that 1% change in audit tenure and audit firm size will result to 34.09980 and 5.020592 percentage increase in Tobin Q of listed deposit money banks in Nigeria while

Table 4.10: Eviews Extract of Error Correction Model for Tobin Q

Variables	Coefficient	Std. Error	t-Statistic	Prob.
ECM (-)	-0.049005	0.019270	-2.543072	0.0113
D(TBQ (-1)	0.085995	0.015971	5.384335	0.0000
D(TBQ (-2)	-0.013086	0.009766	-1.339990	0.1808
D(AFS (-1)	-0.367654	0.298640	-1.231092	0.2188
D(AFS (-2)	-0.546322	0.278169	-1.963991	0.0501
D(ATE (-1)	-1.063065	0.904492	-1.175317	0.2404
D(ATE (-2)	-0.264022	0.732159	-0.360608	0.7185
D(AFZ(-1)	-1.714333	1.513705	-1.132541	0.2579
D(AFZ(-2)	-0.589871	0.924620	-0.637961	0.5238
C	0.057460	0.114731	0.500822	0.6167

Table 4.10: Provides estimate which shows the speed with which the model converges to equilibrium. The vector of interests is the Tobin Q which the coefficient of error correctional model is -0.049005. It is probably sign which means the entire variable are valid that is given validating that the entire variables have a long run equilibrium relationship. The negative sign further indicate that the

adjustments portray the direction to restore the long run equilibrium. The magnitude of error correctional model coefficient indicates that the speed of adjustment is 49% and statistically significant considering the probability value of 0.01113 which is less than 0.05. This implies that there was actually a long run relationship among the variables. The error correction mechanism result indicating the speed at which the dependent variable Tobin Q returns to equilibrium after change in other independent variables such as audit fees, audit tenure and audit firm size. The coefficient of current and past lag one and two values of audit fees is negative indicating that increases in audit fees lead to decreases in Tobin Q and their t-statistic are insignificant at 0.05 significance level. Also their probability value is insignificant at 0.05 significance level. The coefficient of the current and past lag one and two of audit tenure are negative, which suggest that as audit tenure increase it bring about decrease in Tobin Q and their t-statistics are insignificant at 0.05 significance level. Their probability is significant at lag one and insignificant at lag two. The coefficient of current and past lag one and two of audit firm size value is negative. Which indicate that as audit firm size increase it leads to decrease in the activities of Tobin Q and their t-statistics is insignificant at 0.05 significance level.

DISCUSSION OF FINDINGS

Based on the result of our Hausman test in table 4.6 with a p.value of 0.0027 less than 0.05 significance level. We accepted the postulate that fixed effect model is the most appropriate in evaluating the relationship between audit fees and Tobin Q of quoted banks in Nigeria. Hence, fixed effect model was adopted in determining the relationship between audit fees and Tobin Q. Based on our result in table 4.3 with a coefficient of 4.378062 and the probability value of 0.9954 which is greater than 0.05 significance level. Thus, we conclude that audit fees had a positive and insignificant impact on Tobin Q of quoted banks in Nigeria. Therefore, there is no significant relationship between audit fees and Tobin Q of quoted banks in Nigeria. The result of our study is also in conformity with the findings of Hamed et al. (2016) who examined the impact of audit quality on firm performance of listed companies in Malaysian from 2003-2012. Their findings indicate that audit quality proxied by audit fees and audit rotation had insignificant relationship with firm performance proxied by return on equity. Based on the result of our Hausman test in table 4.6 with a p.value of 0.0027 less than 0.05 significance level. We accepted the postulate that fixed effect model is the most appropriate in evaluating the relationship between audit tenure and Tobin Q of quoted banks in Nigeria. Hence, fixed effect model was adopted in determining the relationship between audit tenure and Tobin Q. Based on our result in table 4.3 with a coefficient of -28.50528 and the probability value of 0.0000 which is less than 0.05 significance level. Thus, we conclude that audit tenure had a positive and significant impact on Tobin Q of quoted banks in Nigeria. Therefore, there is a significant relationship between audit tenure and Tobin Q of quoted banks in Nigeria. The findings of our study is in line with the empirical investigation of Eshitemi and Onwenga (2012) who examined the relationship between auditor's independence size of the audit firm attributes of the audit team and experience of the auditor and financial performance of listed parastatals in NSE. Their study revealed that there is a positive relationship between audit quality proxied such as audit tenure, audit firm size, independence, qualifications of the audit team and auditors experience and financial performance measures such as return on assets, return on equity and Tobin Q. Based on the result of our Hausman test in table 4.6 with a p.value of 0.0027 less than 0.05 significance level. We accepted the postulate that fixed effect model is the most appropriate in evaluating the relationship between audit firm size and Tobin Q of quoted banks in Nigeria. Hence, fixed effect model was adopted in determining the relationship between audit firm size and Tobin Q. Based on our result in table 4.3 with a coefficient of -55.11431 and the probability value of 0.0000 which is less than 0.05 significance level. Thus, we conclude that audit firm size had a positive and significant impact on Tobin Q of quoted banks in Nigeria. Therefore, there is a significant relationship between audit firm size and Tobin Q of quoted banks in Nigeria. The findings of our study is in line with the empirical investigation of Tarak (2016) who conducted the study to examine the relationship between audit firm size as of the factors of audit and accounting profit of a sample of Tunisian firms listed on the TSE for the period of 2005 to 2009. Their study revealed that there is a positive and significant relationship between the Big4 auditors and the quality for the accounting profit as measures by the results management, the profit relevance and the accounting conservatism. This means that the large audit firms produce higher quality services

because they have been techniques and well-informed human skills. The outcome of our empirical investigation is in conformity with the study of Anginer, Nararayan, Schipani and Seyhun (2015) who examined the relationship between audit firm size and performance of firms in New Zealand. Their study indicates that audit firm size has a positive and significant relationship with the performance of the firm. This implies that performance of the company audited by the big 4 audit firm's increase far better than those firms audited by small audit firms.

CONCLUSION

Audit quality indicators reinforce investor's confidence in the capital market and enhance robust accountability. The study investigates the relationship between audit quality indicators and market price per shares of listed deposit money banks in Nigeria. The study concludes that audit quality indicators improved investors trust, confidence in the capital market and enhance market price per shares. Audit fees had a positive and insignificant impact on Tobin Q of quoted banks in Nigeria. Audit tenure had negative and significant relationship on Tobin Q of listed deposit money banks in Nigeria. Audit firm size had a positive and significant impact on Tobin Q of listed deposit money banks in Nigeria. Audit fees, audit tenure and audit firm size has positive and significant impact jointly on Tobin Q of listed deposit money banks in Nigeria. Audit quality indicators have a long run relationship with market price per shares of listed deposit money banks in Nigeria. There is uni-directional relationship between audit quality indicators and market price per shares of listed deposit money banks in Nigeria.

RECOMMENDATIONS

Bank management should ensure that financial statement prepare shows true and fair view of the bank divorce of error and misstatement because omission or errors can affect the market price per shares of the banks. Government should enact laws and regulate audit fees and provide clear definition of period external auditors can audit corporate organizations. Bank management should ensure sound audit quality through corporate governance, audit committee's oversight, strengthen accountability and reinforce trust and confidence in financial reporting, leading to improve market price per shares. Bank management should engage the services of audit firms whose character and integrity is beyond question and have solid reputation. Bank management should employ the services of audit firm who are specialist in the banking industry as they have a better understanding of the complexity of the business. Banks management should increases audit fees paid to audit firm as this will enhance trust and credibility. Regulatory authorities should discourage audit firms from rendering non audit services to firms because the joint provision of audit and non audit services may eventually become a threat to the independent of the external auditor. This is because the joint provision of audit and non-audit services may lead to personal ties and familiarity may develop between the parties.

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