

External Audit Characteristics and Value Relevance of Listed Firms in Nigeria

Onodi, Benjamin Ezugwu & Utuk, Edidem Okon

Department of Accounting, Michael Okpara University of Agriculture, Umudike-Umuahia, Abia State, Nigeria

Received: 26 January 2023; Revised: 12 March 2023; Accepted: 16 March 2023;

Published: 17 April 2023

ABSTRACT

This study examined the effect of external audit objectivity, efficiency and timeliness on value relevance of listed firms in Nigeria. Secondary data was used in this work, with a methodical sample design. Statistical tool employed for analysis and to test the hypotheses was panel regression. The population of the study is made up of all the 52 listed non-financial firms in Nigeria Stock Exchange (NSE) as at January, 2022. The study systematically selected 12 firms to form the sample size and data used was collected from the financial statement of the selected firms for a six (6) years period spanning from 2015-2020. The result of the findings revealed that external audit characteristics (objectivity, efficiency and timeliness) have little influence on the market relevance of Nigerian listed firms. Findings revealed that audit objectivity has a negative impact on the value relevance of listed firms, although both external audit efficiency and timeliness have a positive insignificant impact on the earnings quality of listed firms' financial reports in Nigeria. We therefore recommend that firms should reduce their audit fee to a more realistic average industry audit fee. External auditors must also collaborate with the audit committee and managers of the organization to ensure a more timeous audit that would improve stakeholders' investment decisions, hence increasing the audit's quality.

Keywords: External audit objectivity, external audit efficiency, external audit timeliness and value relevance.

INTRODUCTION

The necessity for external audit services grew as a result of agency issues caused by firms' separation of ownership and control. Firms are owned by a variety of shareholders, but experienced managers regulate the day-to-day operations of the firms, who may or may not have significant shareholdings in the firm. Shareholders have a residual claim on the firm's resources, and the firm's managers must communicate their stewardship of the firm's resources to shareholders on a regular basis, generally through the release of a set of financial statements (Securities and Exchange Commission, 2000). To ensure that the financial information presented by firms is reliable and of value to users, an independent/external examination must be performed to ensure that the financial statements are credible and that the accounting figures show a true depiction of the firm's engagements [4]. External audits must have some qualities that are required to improve the value relevance of organizations' financial information. In general, auditing is used to provide investors with the confidence they need when relying on audited financial statements. More specifically, auditing job is to reduce information asymmetry on accounting numbers and to limit residual loss caused by managers' opportunism in financial reporting, thereby making value reports relevant to investors [3]. Auditing must have both effective and perceived features (often referred to as apparent quality) in order to be effective as a monitoring method. This work is set out to look at the external audit features and the value relevance of enterprise financial reports, with an emphasis on the external audit rather than the auditor characteristics. We investigated the characteristics that may influence high audit quality and its impact on

the value relevance of firms' financial statements in Nigeria; hence the auditor's contribution is largely based on the production of value-relevant reports.

Statement of the problem

The global series of audit failures has called into doubt the value relevancy of corporations' financial reporting. Furthermore, the majority of auditing research conducted globally has concentrated on the traits of external auditors rather than the characteristics of the audit itself. This could be attributed to deficiencies in the qualities of external auditors, which always result in a loss of investor confidence in corporate reports. The focus has traditionally been on external auditors' attributes such as: auditors' fee, auditors' tenure, and auditors' firm size, which in most circumstances do not correlate to an effective quality audit [6]. But this study investigated external audit characteristics (Auditors objectivity, efficiency and timeliness). Against this backdrop, this study examined the effect of external audit characteristics on the value relevance of Nigerian enterprises' financial reports.

In view of the above, the specific objectives include:

1. To determine the effect of external audit objectivity on value relevance of listed firms in Nigeria.
2. To ascertain the effect of external audit efficiency on value relevance of listed firms in Nigeria
3. To examine the effect of external audit timeliness on value relevance of listed firms in Nigeria.

Scope/limitation of the study

The area covered in this research was non-financial firms listed in the Nigeria Stock Exchange as at 2021. Time series data were collected from 2015 to 2020 (6years period). We observed that the period covered can be extended by future researchers and financial firms like the banks and insurance companies could be explored as well. The major limitation of the study was the subjective evaluation of value relevance as the checklist is not exhaustive due to limited information available in developing economy like Nigeria.

REVIEW OF RELATED LITERATURE

Concept of external audit characteristics

Audit is defined by the Consultative Council of Accountancy Body (CCAB) as an objective study and expressed opinion on a company's financial papers by an authorized external auditor in accordance with that arrangement and in compliance with any applicable legal duty. External audit attributes have to do with an auditor's demonstration of professional competence, thoroughness, and care during the audit process, which should result in a truthful and correct evaluation of financial statements [1]. Despite the lack of a commonly agreed definition of audit attributes, numerous experts define it as the quality of external audit in their works. External audit characteristics are defined by [2] as the audit's quality and ability to detect and report material misstatements in financial statements; detection aspects reflect auditors' competence, while communicating aspects reflect ethics or auditors' truthfulness, particularly independence. External auditors are mandated by law to undertake statutory audits, which include providing an opinion on whether the financial statements present an accurate and fair picture of the company's financial situation. The objectivity and independence of auditors in the course of their tasks are consequently critical because they ensure the quality of external audit and inspire trust and confidence in users of financial statements [14]. Auditors are expected to guarantee that the audit has inherent value that assures excellent auditing at all instances. As a result, the role of external audit features is to improve the quality of financial statements since high quality reporting can lessen information asymmetry issues between the firm and financing suppliers. A significant majority of Nigeria's practicing auditors are members of the Institute of Chartered Accountants of Nigeria (ICAN) and the Association of National Accountants of Nigeria (ANAN). To ensure a quality audit, these

professional bodies have guidelines that guide the behavior of its members in practice. Similarly, public limited firms in Nigeria are required by law to have their financial accounts audited by an independent public accountant, sometimes known as the external auditor [23].

The audit opinion presented in the financial report is an intrinsic feature of an external audit, as opined by [21]. [17], observed that another important aspect of external audit is the veracity of information presented by auditors to investors in each report. In this study, the basic attributes of audit are defined as the auditor's objectivity during the audit process, the audit's efficiency, and the audit's timeliness. These are the three major criteria for an external audit that can generate a quality audit report capable of discovering and reporting any errors in a financial statement.

Determinants of external audit characteristics

[11] investigated audit objectivity and the level of independence of auditors. This is an auditor's capacity to sustain a neutral and objective mental attitude throughout an audit. Similarly, [25] ascribed the objectivity of an external audit to the auditor's independence during the audit process. An auditor must be able to maintain objectivity in order to conduct an impartial audit; audit objectivity needs an attitude of responsibility aside from the client's satisfaction. The auditor must keep a good amount of expert skepticism. [22] opined that the major determinant of an objective audit and an independent minded auditor is the amount of fee paid for the audit. According to [27], the expenditure incurred to an external auditor goes a significant way toward defining the audit's independence and impartiality. They [27] suggested that an auditor who is paid less than the audit market average rate did so due to low participation. As such, such audit firm receives such low fee in order to secure the role of audit to his client which might impede his/her independence and objective mind. On the other hand, [33] argued that an auditor that is paid above the market average is likely to be compromise his/her independence and objectivity. This is because such auditor in a bid to secure such a client with a lucrative pay package will lose his/her objectivity.

Other studies in the context of identifying audit efficiency have emerged since [32] proposed a model to determine the process by which audit efficiency is determined. According to empirical studies on audit efficiency, it is a primary predictor of its characteristics, as well as the companies' dimension to audit cost. Large audit fees are expected to be less efficient for firms when compared to profit and scope of audit performed [12] verifies the negative relationship between firm (client) profit and audit fee in his study on audit efficiency. These findings suggest that audit fee is an extremely important explanatory variable for any model

Audit timeliness is defined in this study as the number of days it takes the audit process to be completed, the audit report signed and the financial statement made public. A rather too long audit may constitute a threat to time value relevance of the report and in some cases a relative short time audit is likely to be done in haste and might be characterized with errors. [32], argued that an audit done in a short timeframe is likely to be encompassing less vigilance on the part of the auditor and even to an extent have errors. Aside from this threat to quality of external audit, the audit timeframe of releasing report constitutes the quality of the audit.

Value relevance determinants

Value relevance is the ability of earnings to predict future dividends, future cash flows, future earnings or future book values [15]. Value relevance is observed as favourable characteristics of accounting information as it is intended to addresses relevance and reliability, the primary criteria for standard setters to choose among accounting alternatives [8]. Earnings response is affected by risk, growth and interest rate which are referred to economic determinant of earning response. Economic determinant of accounting amount is not a major concern because investors are concerned on whether it contains information useful for market participants, but risk, growth and interest rate are major economic determinants of earnings response. If the

investor is a risk averse, a higher risk for expected future return will have a lower value than a low risk sequence of future returns all things being equal. In similar development, earnings response will be higher in firms that have opportunity for growth potential in certain investments that are expected to give above normal rate of return. In the case of interest rate, the risk-free interest rate of return in addition to the risk premium constitutes the discount rate, which is used to discount the revisions in expectations of future earnings innovations. Any increase in the interest rate would then cause an increase in the discount rate and therefore lower discounted value of earnings innovations all things being equal. According to International Financial Reporting Standard; [18]; the major objective of financial statement is to provide financial information about the financial position, performance and changes in the financial position of an entity that is, useful to wide range of users in making economic decisions. Basically, provision of financial information is concern with the disclosure in the financial statement; it is paramount to discuss the concept of disclosure with regard to value relevance. To be effective, financial reporting must contain information that is both relevant and credible. Financial reporting standards provide guidance on how accounting information should be recorded, reported and interpreted. Levitt [20], in identifying what high quality accounting standard delivers, stated that educated investors need relevant useful information to make their investment decisions. Differences in quality of accounting standards, specifically, play a role in differences in value relevance of accounting numbers [7]; and [9].

Value relevance refers to the ability of information shown in financial statements to capture and summarize a company's worth and predict future earnings [16]. They [16] posit that value relevance can be assessed using statistical correlations between financial statement information and stock market valuations. The metadata studies on value relevance utilizing event studies explore capital market reactions to financial information, with a primary focus on earnings as the primary output of financial reporting. Share price reactions to earnings announcements suggest that the reported earnings numbers provide fresh information to market participants, causing them to revise their projections regarding firms' future revenues. Considering economic efficiency and no other evidence is affecting price movements, earnings announcements are seen as valuable for investment decisions and have informativeness, which then refers to market participants' reaction to reported earnings. The literature on earnings response coefficient and earnings coefficient on unexpected-earnings/abnormal-returns relationship has provided a deeper understanding of the return-earnings relationship by demonstrating how this relationship varies across time and firms, as well as key conceptual improvement to expedite the configuration of the more potent evaluations.

To assess the quality of the accounting standards SEC (2000) emphasizes that accounting standard must result in a consistent application, provide for transparency and full disclosure. The aim is that the standards produce relevant and reliable information that is useful for investors to make well-informed decisions. Accounting standards that fulfill such quality measures create high quality accounting information specifically information regarding firms earnings. [11]provide evidence that accounting earnings in enhancing common-law accounting countries accounting standards, countries are substantially more timely and conservative than code law countries, particularly in incorporating losses.

Theoretical framework

This work is based on both the agency and signaling theories. The agency idea is largely driven by external inspector acting in the interest and being expected to be independent of company management. As propounded by [29], Signaling theory is useful for describing behavior when two parties (individuals or organizations) have access to different information. Signaling theory is fundamentally concerned with reducing information asymmetry between two parties. Typically, one party, the sender, must choose whether and how to communicate (or signal) that information, and the other party, the receiver, must choose how to interpret the signal. For example, the leadership of businesses with authority difficulties has a motivation to

announce to the business, that they have strong intra-organizational governance and that they are attempting to reduce agency expenses, and raise the value of the company by engaging a high-profile external auditor, who undergoes strict and intense external audit, to ensure stakeholders that management is working in their best interests. Organizations with good internal governance dedicate more time and resources to monitoring external audits than firms with poor internal governance in order to reduce possible risk of lawsuits and maintain their reputation. Control mechanisms, according to signaling theory, are complimentary in the concept that the efficiency of one form of control is anticipated to be associated with the quality of another regulator.

Empirical Review

[14], investigated the association between audit quality and market value of publicly traded Nigerian banks. Audit quality was estimated using audit fees, audit duration, and audit firm size. Panel least squares regression with a pooled effect, a fixed effect, and a random effect defined by the Hausman test was used to evaluate their study hypotheses. Findings revealed that Audit fees, have a negative and minor effect on market price per share. But audit tenure has a negative and significant effect on market price per share, while the study indicated that the size of an audit firm has a negative and minor effect on market price per share.

[33], investigated the impact of audit quality on firm value in manufacturing firms listed on the Indonesian Stock Exchange between 2013 and 2017. In their study, the population covers all manufacturing enterprises registered on the Indonesian Stock Exchange. Purposive sampling was used for sampling, and their study data was tested utilizing multiple regression analysis. According to the findings of their study, audit quality has a favorable effect on firm value in manufacturing companies listed on the Indonesian Stock Exchange.

[24], carried out study on the impact of audit independence on the dependability of financial reporting in the banking sector. Using an ex-post facto research design, data was acquired from four (4) banks listed on the Nigerian Stock Exchange that also operates throughout the African continent. Data from 2014 to 2018 were examined using multivariate linear regression. The findings demonstrated that audit independence had a considerable impact on the value relevance of the financial reports of the firms under scrutiny. The fact that the amount spent on audit fees had no discernable influence on the reported earnings per share confirmed this (proxy for reliance on financial reports by investors).

The impact of audit quality on Turkish accounting conservatism was explored by [22]. Using three distinct metrics of accounting conservatism and correlation analysis, they discovered that audit quality, in terms of brand name auditor and industry specialized auditor, is positively related to conservatism. Their results remain similar when controlling for operating cash flow, leverage, firm age, and sales growth. Overall, their data indicate that accounting conservatism benefits Turkish enterprises that cooperate with high-quality auditors to cut agency costs.

[5], investigated the impact of audit reports on financial data reported on the Tehran Stock Exchange. Their research method was descriptive and serves a practical objective. The independent variables were auditor kinds and auditor assessments (audit organizations or institutions), while the dependent variable was financial information (stock returns). They sampled 117 accepted companies on the Tehran Stock Exchange from 2009 to 2014. Fitting linear regression models to pooled data allowed them to test their research ideas. Their research revealed that the type of auditor and the auditor's assessment have a significant impact on stock return (financial information).

In another study conducted by [28], Siyanbola determined the relationship of variants of corporate governance and earning management in the firm. Six theories were reviewed out of which stakeholder theory was found to be more relevant. Data were collected from audited financial reports of 50 listed firms

on Nigeria Stock Exchange. Hypothesis was formulated and regression analysis was done on data obtained using OLS. The study revealed that out of all the independent variables, ownership of equity shares in a firm, either by board members or audit committee members; have positive impacts on earnings management. It was therefore recommended that both board of director and audit committee should exclude people with high units of shareholding in the firm, to avoid earnings management which reduces the quality of financial report.

METHODOLOGY

Research Design

This study adopts *ex-post facto* design and the population of the study is made up of all the 52 listed non-financial firms in Nigeria stock Exchange as at January, 2022. The financial firms are not considered as a result of market concentration of big size audit firm. A concentrated market will probably produce a skewed inference on the true position of external audit characteristics and value relevance of firms' financial reports. The study systematically selected 12 firms to form the sample size. The sample size surpasses 10 % and serves as a true representation of the population [30]. Data is collected from the financial statement of the selected firms for a six (6) years period spanning from 2015-2020; while content analysis methodology was employed in deriving data for the value relevance of financial reporting. Content coding of annual report involves coding qualitative and quantitative into predefined categories in order to derive patterns in the reporting of information. Each reporting item of value relevance on the checklist was assigned a value between '5' if it is fully disclosed and '0' if the item is assumed relevant but not disclosed. Below are the selection criteria;

Table 3.2 Sample size Determination

S/No	SECTOR	Number of Firms Listed		Sample size allocation
1	Agriculture	5	23% of 5 = approximately 1	1
2	Oil and gas	8	23% of 9 = approximately 2	2
3	Industrial goods	5	23% of 5 = approximately 1	1
4	Consumer Goods	16	23% of 16 = approximately 4	4
5	Natural resources	5	23% of 4 = approximately 1	1
6	Health care	8	23% of 5 = approximately 1	2
7	Conglomerates	5	23% of 5 = approximately 1	1
	TOTAL	52		12

Source: Authors compilation 2022

A comprehensive list of the firms used as sample is attached in appendix II of the work.

Model Specification

$$VR_{it} = \alpha + \beta_1 EAO_{it} + \beta_2 EAE_{it} + \beta_3 EAT_{it} + U_{it}$$

Where;

α = Constant

VR_{it} = value relevance (This is measured using an aspect of the qualitative characteristics of financial reporting and was obtained by checklist)

EAO = external audit objectivity (The amount of money paid as audit fee by the firm in a given year)

EAE = External audit efficiency

EAT = External audit timelines

it = Cross-section

U = Error

$\beta_1 - \beta_3$ = Beta coefficient

DATA PRESENTATION AND ANALYSIS

Table: 4.1 Descriptive statistics

	VR	EAO	EAE	EAT
Mean	0.5561	6.162582	0.202424	1.744958
Maximum	0.75000	7.659756	0.964875	1.939519
Minimum	0.32000	4.918837	0.010433	1.653213
Std. Dev.	0.14117	0.747064	0.220949	0.073848
Skewness	0.283	0.224511	1.954421	0.456664
Probability	0.70292	0.249274	0.000000	0.190868
Observations	72	72	72	72

Source: E view result in study Appendix

The standard deviation of the mean value relevance (VR) is 0.14117. VR also shows a maximum of 0.7500 and a minimum of 0.3200. The mean for External Audit Objectivity (EAO) is 6.162582, with a standard deviation of 0.747064 and a range of 4.918837 to 7.659756. EAE ranges between 0.202424 and 0.220949, with a low of 0.010433 and a high of 0.964875. The mean for External Audit Timeliness (EAT) is 1.744958, with a standard deviation of 0.073848 and a range of 1.653213 to 1.939519. These various means and deviations show the degree of variation among the variables in the listed firms.

The Skewness statistics of the study variables fall between 0.224511 to 1.954421. This shows that the set of data are not skewed outside the accepted range of -2 to +2 which is considered the accepted range of skewness for a normalized data. The Jarques Berra probability statistics revealed values that are >0.05 which depicts stationarity of data except the EAE variable with a Jarques Berra Probability statistics of <0.05. To correct the non-stationarity of EAE data, further checks are conducted.

Table: 4.2 Validity test

	COR	COR ²	COR ³	Unit Root	Order	Hausman
VR	1.000			Level		
EAO	-0.0940			Level		0.9078
EAE	0.0816	0.5317		Level		
EAT	-0.0018	0.0838	0.0261	Level		

Source: E view result in study Appendix II

The validity table above present result for further validity test to enable a non-spurious regression result. This test is necessary to ascertain the level of stationarity and multicollinearity amongst the study variables so as to filter out corresponding data in the model that is capable of distorting the validity of regression result (Outliers). From the unit root test, correlation test and Hausman test results, the table above is computed. This necessitates the adoption of an ordinary least square method. To choose between the random and fixed effect model, the Hausman test is conducted. The Hausman probability value of 0.9078 enabled the study to choose the random effect model. From the correlation result, it is noticed that the data for all the study variables are free from issues of multicollinearity owing to the low correlation statistics revealed by the result with the highest value being 0.5317 (Between EAO & EAE). This is in line with the postulate of [19] who asserted that correlation results of 0.75 and above are course of concern. This means that the data set are suitable for further regression result.

Table 4.3 Regression of the Estimated Model Summary

This section presents the results produced by the model summaries for further analysis. Thus:

Dependent Variable: VR				
Method: Panel EGLS (Cross-section random effects)				
Date: 01/13/22 Time: 12:34				
Sample: 2015 2020				
Periods included: 6				
Cross-sections included: 12				
Total panel (balanced) observations: 72				
Swamy and Arora estimator of component variances				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	.6902011	.4150123	1.663001	.10101
EAO	-.0430302	.0272031	-1.599001	.11503
EAE	.1150293	.0900212	1.284002	.20410
EAT	.0601203	.2280121	.2630012	.79320
R-squared	0.033128	Mean dependent var		-6.32E-16
Adjusted R-squared	-0.009529	S.D. dependent var		2.245406
S.E. of regression	2.256079	Sum squared resid		346.1126
F-statistic	0.776620	Durbin-Watson stat		2.630606
Prob(F-statistic)	0.511080			

Source: E view result in study Appendix III

The above analysis table shows the results of the regression between EAO, EAE, EAT, and VR. The following data can be gleaned from the model summary table above. R² was around 0.033. The R², also known as the coefficient of prediction, represents the fraction of the total variability of the dependent variable (VR) that can be explained by the independent or explanatory variables (EAO, EAE&EAT). Thus, the R² value of around 0.033 means that external audit characteristics (EAO, EAE&EAT) explain 3.3% of the variation in value relevance of the listed firms, whereas the remaining 96.7% (i.e. 100-R²) may be accounted for by other factors not included in this model. The revised R² of roughly -0.009 indicates that if the model is updated and other factors are included, this result will deviate from it by only 0.042. (i.e. 0.033 – -0.009). This result indicates a 4.2% difference between the sample variable examined and the factors to be addressed. The table also shows the fisher statistics of 0.776620 with a Prob. Value of 0.511080, demonstrating that the external audit aspects as a whole have a minimal influence on the value validity of Nigerian listed enterprises.

The degree of value relevance is evaluated to be 2.683545 when the external audit variables are held stationary, as shown in the table above. This effectively suggests that, given an intercept-only model, the value relevance of listed firms will increase by up to 2.683545 due to factors not considered in this study. As a result, increasing EAO by one unit resulted in a 57.9% decrease in VR. A unit increase in EAE increases VR by 186.8%, while a unit increase in EAT increases VR by 29%.

Test of hypothesis 1

Using the given evaluation criteria and the econometric result, the study supports the null hypothesis and rejects the alternative hypothesis because the estimated significance level of 0.11503 is more than 0.05. Thus, external audit objectivity has no substantial effect on the company performance of Nigerian listed enterprises.

Test hypothesis 2

Applying the specified preferences and the econometric result, the study supports the null hypothesis and rejects the alternative hypothesis because the estimated significance level of 0.20410 is more than 0.05. Thus, external audit efficiency has no substantial effect on the earnings quality of Nigerian listed corporations.

Test of hypothesis 3

Given the provided evaluation criteria and the econometric result, the study adopts the null hypothesis and rejects the alternate theory because the predicted significance level of 0.79320 is more than 0.05. Thus, external audit timeliness has no substantial effect on the value relevance of Nigerian listed enterprises. The result was in agreement with Okezie and Egeolu (2019)'s finding that the amount spent on audit fees had no discernable influence on the reported earnings per share.

CONCLUSION/RECOMMENDATIONS

In accordance with the findings of this study, external audit characteristics (qualities) have a negligible influence on the earnings quality of listed enterprises in Nigeria, based on the validation of the three research hypotheses previously developed in the study. Audit objectivity has a negligible negative impact on the value relevance of Nigerian listed firms, while external audit efficiency and responsiveness have a negligible favorable impact. Based on the above development, it is recommended that firms must adjust the audit fee they pay to an average industry agreeable audit fee that is more objective. Perhaps too much is paid for a less complex audit function thus the objectivity of the audit exercise is questioned which result in low value relevance in the audited financial reports. Inefficiency of audit fees constrains the firms' choice to less quality audit services who charge low audit fee but the consequences is reflected in the relevance of the firms' financial report which has no influence of the value relevance of the firms. Lastly, external auditors must collaborate with the firm's audit committee and managers to ensure a rapid response audit that will enhance stakeholders' investment decision thus, making the audit more value relevant.

REFERENCES

1. Adams, R. B, & Ferreira, D. (2007). A theory of friendly boards. *Journal of Finance*, 1 217-229.
2. Adane, W. (2014). "Auditor's responsibility and fraud detection in Ethiopian private audit firms. A Master Thesis, Addis Ababa University. Available at atetd.aau.edu.et/bitstream/123456789
3. 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.
4. Akinjobi, A. & Omowumi, O. (2010). The changing responsibilities of auditors in detection and prevention of business frauds within a challenging environment in Nigeria. *Journal of Emerging*

- Trends in Economics and Management Sciences, 1(2), 71-75.*
5. Alireza, V. & Kayhan, A. (2017). The Impact of Audit Reports on Financial Information Content. *International Journal of Economics and Financial Issues, 7(3), 304-308.*
 6. Amahalu, N.N. & Ezechukwu, B.O. (2017). Determinants of audit quality and earnings: Evidence from deposit money banks listed on Nigeria Stock Exchange. *International Journal of Academic Research in Accounting, Finance and Management Sciences, 7(2), 117-130.*
 7. Babalyan, L. (2001). Association between accounting earnings and stock returns as a measure of value relevance of accounting standards: Empirical evidence from the Swiss market. *University of Fribourg/Switzerland, Financial Management department.*
 8. Barth, M. E., Beaver, W. H. & Landsman, W. R. (2001). The relevance of the value relevance literature for financial accounting standards setting: Another view. *SSRN Electronic Journal . 31(1-3), 77-104.*
 9. Bartov, E., Goldberg, S. R. & Kim, M. (2002). Comparative value relevance among German, U. S and International Accounting Standards: A German Stock Market perspectives. *Journal of Accounting and Finance, 20 (2), 95-119.*
 10. Beredugo, S. B. Inah, E. U. & Edom, G. O. (2014). Appraisal of forensic investigation and Auditors' liability: Empirical evidence from Nigeria. *The International Journal of Business & Management, 2(4), 226-270.*
 11. Bell, T. B. & Carcello, J. V. (2000). A decision aid for assessing the likelihood of fraudulent financial reporting. *Auditing: A journal of practice and theory, 19(1), 169-184.*
 12. Bethitina, P. (2015). "The determinants of external audit quality evidence from manufacturing share companies of Addis Ababa Ethiopia", unpublished thesis (M.Sc) Addis Ababa.
 13. Choi, J.H., Kim, F., Kim, J.B. & Zang, Y.S. (2010). Audit office size audit quality and audit pricing. . *Auditing Journal of Practice and Theory.* Available at: <http://ssrn.com/abstract=1011096>.
 14. Eneisik, E. & Akani, N. (2021). Relationship between audit quality and market value of quoted banks in Nigeria. *International Journal of Innovative Finance and Economics Research, 9(4), 18-41.*
 15. Francis, J. and Schipper, K. (1999). Have financial statements lost the relevance? *Journal of Accounting Research 37, 319-352.*
 16. Gjerde, Ø., Knivsflå, K. & Sættem, F. (2005). The value relevance of financial reporting on the Oslo stock exchange over the period 1964-2003: Working paper. *Norwegian School of Economics and Business Administration.*
 17. Hussainey, K. (2009). The impact of audit quality on earning predictability. *Managerial Auditing Journal, 24(4), 340-351.*
 18. IFRS (2007). IFRS presentation and disclosure checklist 2007.
 19. Koutsoyiannis, A. (2007). *Theory of Econometrics: (2nd ed)*, 175th avenue: NY Palgrave Macmillan.
 20. Levitt, S. D. (1996). The effect of prison population size on crime rates: Evidence from prison overcrowding litigation. *The Quarterly Journal of Economics, 111 (2), 319-351*
 21. Li, J. & Lin, J. (2005). The relationship between earnings management and audit quality, *Journal of Accounting and Finance Research, 12 (1), 1- 11.*
 22. Nishtiman, H., Nor, I. & Noor, A. (2019). Impact of audit quality on accounting conservatism in Turkey. *Journal of Accounting, Finance and Auditing Studies, 5(2), 1-23.*
 23. Okolie, A.O. (2014). Auditor tenure auditor independence and accrual based earnings management of quoted companies in Nigeria. *European Journal of Accounting Auditing and Finance Research, 2(2), 63 – 90.*
 24. Okezie, S. & Egeolu, D. (2019). Audit independence and reliability of financial reports: Empirical evidence from Nigerian banks. *International Journal of Economics and Business Management, 5(3), 43-53.*
 25. Robert K. W. & Vanstraelen, A. (2007). The relationship between auditor tenure and audit quality implied by going concern opinions. *A Journal of Practice & Theory, 26(1), 113–131.*

26. SEC (2000). SEC annual reports and accounts 2000
27. Semiu B. A., Okwy, O. & Eyesan L. (2016). Factors affecting audit quality in Nigeria. *International Journal of Business and Social Science* 3,198-209
28. Siyanbola, T.T. (2016). Corporate governance and quality of financial reporting. *GE- International Journal of Management Research*.4(9).
29. Spence, M. (1973). Job market signaling. *The Quarterly Journal of Economics*, 87: 355-374.
30. Tapang, A. T., Bessong, P. K., & Ujah, P. I. (2015). Management influence and auditor's independence in Nigerian Banks. *International Journal of Economics, Commerce and Management*, 3(4), 1-26.
31. Wallace, W. (1987). The economic role of the auditor in free and regulated markets: A review, *Research in Accounting Regulation*, 1(2), 7 – 34.
32. Watkins, A.L., Hillison, W. & Morecroft, S. (2004). Audit quality: A synthesis of theory and empirical evidence. *Journal of Accounting Literature*. 23, 153-193.
33. Wijyaya, A. (2020). The effect of audit quality on firm value: A case in Indonesian manufacturing firms. *Journal of Accounting, Finance and Auditing Studies*, 6(1), 1-15.

APPENDIX I

VALUE RELEVANCE

DISCLOSURE CHECKLIST QUESTIONNAIRE

Name of Company :

Year end:

Table 1: Descriptions of variables

	Fully Disclosed	Partially disclosed	Moderately disclosed	Slightly disclosed	Weakly disclosed	relevant but not disclosed
	5	4	3	2	1	0
1. The Financial Statement made clarifications on stock exchange estimates						
2. Evidence on the strength of the relationship between market returns and profits						
3. Accounting Measurement providing robust information that engenders investors' decision usefulness.						
4. Presence of non-financial information in terms of business opportunities and risks complement the financial information?						
5. Full representation of organization activities in relations to the industry the firm is domiciled in.						

NAME	YEAR	SCORE (A)	DENOMINATOR (B)	VAR (A)/(B)
CONOIL	2020	11	25	0.44
CONOIL	2019	11	25	0.44
CONOIL	2018	9	25	0.36
CONOIL	2017	9	25	0.36
CONOIL	2016	9	25	0.36
CONOIL	2015	8	25	0.32
LAFRAGE	2020	11	25	0.44
LAFRAGE	2019	11	25	0.44
LAFRAGE	2018	12	25	0.48
LAFRAGE	2017	9	25	0.36
LAFRAGE	2016	15	25	0.6
LAFRAGE	2015	9	25	0.36
CADBURY	2020	12	25	0.48
CADBURY	2019	18	25	0.72
CADBURY	2018	13	25	0.52
CADBURY	2017	14	25	0.56
CADBURY	2016	15	25	0.6
CADBURY	2015	17	25	0.68
GLAXO	2020	19	25	0.76
GLAXO	2019	18	25	0.72
GLAXO	2018	17	25	0.68
GLAXO	2017	18	25	0.72
GLAXO	2016	17	25	0.68
GLAXO	2015	16	25	0.64
OKOMU	2020	14	25	0.56
OKOMU	2019	12	25	0.48
OKOMU	2018	11	25	0.44
OKOMU	2017	8	25	0.32
OKOMU	2016	11	25	0.44
OKOMU	2015	11	25	0.44
ALUM_EX	2020	13	25	0.52
ALUM_EX	2019	14	25	0.56
ALUM_EX	2018	15	25	0.6
ALUM_EX	2017	17	25	0.68
ALUM_EX	2016	18	25	0.72
ALUM_EX	2015	18	25	0.72
CHELLAM	2020	17	25	0.68
CHELLAM	2019	18	25	0.72
CHELLAM	2018	16	25	0.64
CHELLAM	2017	18	25	0.72
CHELLAM	2016	18	25	0.72
CHELLAM	2015	19	25	0.76

Mobile	2020	16	25	0.64
Mobile	2019	18	25	0.72
Mobile	2018	16	25	0.64
Mobile	2017	12	25	0.48
Mobile	2016	15	25	0.6
Mobile	2015	11	25	0.44
DANCEM	2020	13	25	0.52
DANCEM	2019	18	25	0.72
DANCEM	2018	17	25	0.68
DANCEM	2017	13	25	0.52
DANCEM	2016	9	25	0.36
DANCEM	2015	9	25	0.36
FIDSON	2020	9	25	0.36
FIDSON	2019	9	25	0.36
FIDSON	2018	9	25	0.36
FIDSON	2017	9	25	0.36
FIDSON	2016	11	25	0.44
FIDSON	2015	18	25	0.72
BERGER	2020	16	25	0.64
BERGER	2019	19	25	0.76
BERGER	2018	18	25	0.72
BERGER	2017	18	25	0.72
BERGER	2016	11	25	0.44
BERGER	2015	12	25	0.48
NESTLE	2020	18	25	0.72
NESTLE	2019	11	25	0.44
NESTLE	2018	13	25	0.52
NESTLE	2017	19	25	0.76
NESTLE	2016	8	25	0.32
NESTLE	2015	15	25	0.6

List of data Used

NAME	YEAR	PAT	Audit fee	AUDIT Time	VR	EAO	EAE	EAT
CONOIL	2020	19,467,738	1,972,322	65	0.44	6.294978	0.101312	1.812913
CONOIL	2019	18,301,074	1,796,042	72	0.44	6.254316	0.098139	1.857332
CONOIL	2018	17,892,936	1,578,507	55	0.36	6.198247	0.08822	1.740363
CONOIL	2017	18,465,680	2,837,884	57	0.36	6.452995	0.153684	1.755875
CONOIL	2016	17,709,653	2,307,558	45	0.36	6.363153	0.130299	1.653213
CONOIL	2015	16,096,047	834,421	50	0.32	5.921385	0.05184	1.69897
LAFRAGE	2020	361,421,559	24318017	50	0.44	7.385928	0.067284	1.69897
LAFRAGE	2019	255,743,725	7,408,583	56	0.44	6.869735	0.028969	1.748188
LAFRAGE	2018	264,768,895	7,098,191	45	0.48	6.851148	0.026809	1.653213
LAFRAGE	2017	340,094,143	19,888,762	67	0.36	7.298608	0.05848	1.826075

LAFRAGE	2016	302,601,869	30,918,773	87	0.6	7.490222	0.102176	1.939519
LAFRAGE	2015	15780012	1,918,362	56	0.36	6.282931	0.121569	1.748188
CADBURY	2020	13,536,225	1,070,845	45	0.48	6.029727	0.07911	1.653213
CADBURY	2019	27528040	823,085	65	0.72	5.915445	0.0299	1.812913
CADBURY	2018	28423121	299,998	46	0.52	5.477118	0.010555	1.662758
CADBURY	2017	28409000	296,403	47	0.56	5.471883	0.010433	1.672098
CADBURY	2016	28417005	1,153,295	54	0.6	6.06194	0.040585	1.732394
CADBURY	2015	28811286	2,137,319	65	0.68	6.329869	0.074183	1.812913
GLAXO	2020	9,153,068	926,054	64	0.76	5.966636	0.101174	1.80618
GLAXO	2019	15700216	618,389	54	0.72	5.791262	0.039387	1.732394
GLAXO	2018	26286191	485,300	56	0.68	5.68601	0.018462	1.748188
GLAXO	2017	27981229	2,378,145	47	0.72	6.376238	0.084991	1.672098
GLAXO	2016	31121864	864,413	65	0.68	5.936721	0.027775	1.812913
GLAXO	2015	29654341	1,830,533	45	0.64	6.262578	0.061729	1.653213
OKOMU	2020	28180280	5,049,637	46	0.56	6.70326	0.17919	1.662758
OKOMU	2019	38417953	8,239,903	57	0.48	6.915922	0.214481	1.755875
OKOMU	2018	31273705	9,092,186	56	0.44	6.958668	0.290729	1.748188
OKOMU	2017	24507665	4,962,072	47	0.32	6.695663	0.20247	1.672098
OKOMU	2016	20000240	2,726,017	68	0.44	6.435529	0.136299	1.832509
OKOMU	2015	17872328	1,454,320	72	0.44	6.16266	0.081373	1.857332
ALUM_EX	2020	1840324	82,954	65	0.52	4.918837	0.045076	1.812913
ALUM_EX	2019	2258128	83,398	72	0.56	4.921156	0.036932	1.857332
ALUM_EX	2018	2239592	88,052	55	0.6	4.944739	0.039316	1.740363
ALUM_EX	2017	1840324	82,954	57	0.68	4.918837	0.045076	1.755875
ALUM_EX	2016	1753149	170,079	45	0.72	5.230651	0.097013	1.653213
ALUM_EX	2015	1685095	135,460	50	0.72	5.131811	0.080387	1.69897
CHELLAM	2020	1903826	1,836,955	50	0.68	6.264099	0.964875	1.69897
CHELLAM	2019	5794083	631471	56	0.72	5.800353	0.108985	1.748188
CHELLAM	2018	7288466	1262058	45	0.64	6.101079	0.173158	1.653213
CHELLAM	2017	7100516	3235829	67	0.72	6.509986	0.455717	1.826075
CHELLAM	2016	11244964	4794578	87	0.72	6.68075	0.426376	1.939519
CHELLAM	2015	9244964	2638913	56	0.76	6.421425	0.285443	1.748188
Mobile	2020	39681613	8883749	45	0.64	6.948596	0.223876	1.653213
Mobile	2019	33772775	9328935	65	0.72	6.969832	0.276226	1.812913
Mobile	2018	27358829	7518733	46	0.64	6.876145	0.274819	1.662758
Mobile	2017	21457796	8154293	47	0.48	6.911386	0.380015	1.672098
Mobile	2016	15363401	4872929	54	0.6	6.68779	0.317178	1.732394
Mobile	2015	13549450	6392790	65	0.44	6.80569	0.471812	1.812913
DANCEM	2020	1,228,471	315,420	64	0.52	5.498889	0.256758	1.80618
DANCEM	2019	1,239,770	481,456	54	0.72	5.682557	0.388343	1.732394
DANCEM	2018	937,239	254,630	56	0.68	5.40591	0.271681	1.748188
DANCEM	2017	827,453	306,251	47	0.52	5.486078	0.370113	1.672098

DANCEM	2016	657,526	178,280	65	0.36	5.251103	0.271138	1.812913
DANCEM	2015	695,708	182,523	45	0.36	5.261318	0.262356	1.653213
FIDSON	2020	6,593,266	316,762	46	0.36	5.500733	0.048043	1.662758
FIDSON	2019	7,153,782	97,447	57	0.36	4.988768	0.013622	1.755875
FIDSON	2018	7,622,920	1,060,789	56	0.36	6.025629	0.139158	1.748188
FIDSON	2017	6,593,266	316,762	47	0.56	5.500733	0.048043	1.672098
FIDSON	2016	6,323,828	744,378	68	0.44	5.871794	0.11771	1.832509
FIDSON	2015	5,765,281	631,825	72	0.72	5.800597	0.109591	1.857332
BERGER	2020	3,073,400	448,733	45	0.64	5.651988	0.146005	1.653213
BERGER	2019	2,813,052	320,509	65	0.76	5.50584	0.113936	1.812913
BERGER	2018	2,641,145	246,276	46	0.72	5.391422	0.093246	1.662758
BERGER	2017	2,604,181	224,007	47	0.72	5.350262	0.086018	1.672098
BERGER	2016	2,587,330	330,316	54	0.44	5.51893	0.127667	1.732394
BERGER	2015	2,813,052	320,509	65	0.48	5.50584	0.113936	1.812913
NESTLE	2020	48,453,660	45,683,113	64	0.72	7.659756	0.942821	1.80618
NESTLE	2019	50,220,486	43,008,026	54	0.44	7.63355	0.856384	1.732394
NESTLE	2018	44,878,177	33,723,730	56	0.52	7.527936	0.751451	1.748188
NESTLE	2017	30,878,075	7,924,968	47	0.76	6.898998	0.256654	1.672098
NESTLE	2016	38,007,074	23,736,777	65	0.32	7.375422	0.624536	1.812913
NESTLE	2015	44,878,177	33,723,730	45	0.6	7.527936	0.751451	1.653213