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## EXAMINING THE NEXUS BETWEEN AUDIT QUALITY AND FINANCIAL PERFORMANCE OF LISTED CEMENT COMPANIES IN NIGERIA

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### Abstract

*This study examines the nexus between audit quality and financial performance of listed cement companies in Nigeria. Specifically, it investigates the effects of audit firm type, audit tenure, auditor independence, audit fees, and audit firm age on return on assets (ROA). The study population comprises the three cement companies listed on the Nigerian Exchange Group (NGX). Secondary data were extracted from the annual reports and financial statements of the selected firms from 2013 to 2021. The analysis employed panel least squares regression using STATA version 14.0. The findings indicate that auditor independence significantly enhances financial performance, whereas audit firm type and audit firm age do not indicate a significant effect on ROA. Based on these results, the study recommends that listed cement companies continue to engage Big Four audit firms and ensure that management refrains from exerting undue influence over audit activities, thereby safeguarding auditor independence and promoting credible financial reporting.*

**Keyword:** Audit Quality, Audit Type, Audit Independence Firm Age and Profitability

### 1. Introduction

The increasing demand for transparency and accountability in corporate reporting has intensified global attention on audit quality as a critical mechanism for enhancing financial performance. In both developed and emerging economies, high-quality audits are considered essential for reducing information asymmetry, strengthening investor confidence, and improving the credibility of financial statements (Asogba et al., 2024). In Nigeria, where corporate governance structures are still evolving, audit quality plays a particularly vital role in ensuring the reliability of financial disclosures and mitigating agency conflicts between managers and shareholders. Recent empirical

evidence indicates that audit quality proxied by factors such as auditor independence, audit firm size, and audit fees remains a significant determinant of financial reporting credibility and organizational outcomes (Umoh, 2025). Furthermore, studies have shown that while certain audit quality dimensions enhance firm performance, others may exhibit weak or inconsistent effects depending on institutional and firm-level conditions (Olowookere et al., 2023).

Despite the growing body of literature, the relationship between audit quality and financial performance remains inconclusive, some studies report a positive association between audit quality and financial performance through

improved earnings quality and reduced managerial opportunism, others find insignificant or even negative relationships (Sani & Umar, 2024). For example, evidence from Nigerian manufacturing firms suggests that audit quality indicators such as audit tenure and audit firm type may have minimal or insignificant effects on financial performance (Adebayo & Oladele, 2022). Similarly, sector-specific studies in consumer goods and banking industries highlight that certain audit quality attributes (e.g., auditor size and tenure) may produce varying outcomes positive, negative, or insignificant depending on the measurement approach and contextual factors (Bello et al., 2023). These inconsistencies underscore the need for further empirical investigation to clarify the nature of the audit quality and firm performance nexus. Cement Companies are a very important and delicate sector of the economy that is constantly controlled by the proper authorities (Miko & Kamardin 2014). The resources invested in this sector are typically vast, necessitating the assurance of investors' wealth, which can be achieved in part by the quality of the audit performed by auditors, which is based on the gap that exists between resource owners (shareholders) and resource managers (management).

The quality of auditing has increasingly been recognized as a critical determinant of firm performance, particularly in emerging economies where information asymmetry and weak corporate governance structures prevail. In Nigeria, listed firms often face challenges related to transparency, managerial opportunism, and inconsistent financial reporting, which undermine investor confidence and limit firm growth (Sani & Umar, 2024). While audit quality is intended to enhance credibility through mechanisms such as auditor independence, audit firm size, and audit tenure, empirical evidence indicates that its impact on financial performance is mixed. For instance, studies in the Nigerian manufacturing and banking sectors show that audit firm size and independence generally improve performance, whereas audit tenure and fees may produce inconsistent or negative effects. These inconsistencies highlight a critical gap in understanding how audit quality affects firm performance across different sectors,

particularly within capital-intensive industries like cement production, which are pivotal to national infrastructure and economic development.

Despite the strategic importance of the cement industry in Nigeria, limited empirical studies have explored the sector-specific relationship between audit quality and financial performance. Most previous research has focused on broad sectors such as manufacturing, banking, and consumer goods (Adebayo & Oladele, 2022; Umoh, 2025), leaving a gap in understanding how audit mechanisms operate in highly capital-intensive industries. Additionally, prior studies often rely on single proxies of audit quality, failing to capture the multidimensional nature of audit effectiveness, which includes auditor independence, audit firm size, tenure, and audit fees. This creates a significant research problem, as sector-specific dynamics and firm characteristics in the Nigerian cement industry may influence the effectiveness of audit quality on financial outcomes. Therefore, there is a pressing need to examine the nexus between audit quality and financial performance of listed cement companies to provide empirical evidence that can guide policymakers, regulators, and corporate managers in strengthening audit practices and enhancing firm performance. The study will consider the relationship between audit firm type audit independence and audit firm age and firm performance of cement companies in Nigeria.

## **2. Literature Review**

### **2.1 Conceptual Review**

#### **Audit Quality**

Audit quality is made up of two words: audit and quality. Traditionally, auditing means ensuring that the financial statements are true and fair in all material respects. It was prepared in accordance with generally accepted accounting principles (Shehu & Musa 2014). Quality denotes an absolute obligation to make sound judgments. It entails ensuring that all the necessary steps are taken consistently throughout the audit. Audit quality means recognizing mistakes and inaccuracies in financial statements (Sani & Umar 2024). The extent to which an auditor's independence, integrity, and objectivity

influence auditors' opinions on the quality of financial statements is referred to as audit quality. The capital market functions on information, which is timely, accurate, reliable, and relevant. This is the fulcrum of a quality audit (Sayyar et al., 2015).

Internal audit quality requires auditors to conduct their constitutional objectively in compliance with accepted rules for professional practice, internal audit activity evaluates and play a significant role towards control, risk management and governance using different systematic and disciplined approved approaches (Sattar 2020). External auditors, to achieve audit quality there are attributes they should possess that are considered vital. The auditor's predisposition to apply ethics, values, and tendency to dedicate adequate time to their work plus a laborious audit process are all necessary to attain adult quality (Tom & Ying 2018).

A quality audit should be able to challenge the content of financial statements for it to reach an opinion as to whether they are truthful and fair. The opinion given determines the shareholder confidence in the information provided by management and by extension the financial performance of the company. According to Neri and Russo (2014), audit quality is an important contribution to the stability of an efficient market environment.

### **Audit Firm Type**

Audit firm type is operationally defined as a sampling bank's ability to hire any of Nigeria's big four audit firms. PWC, Ernst & Young, KPMG, Akintola Williams and Delliotte are Nigeria's Big four audit firms (Egbunike and Abiahu, 2017). Some analysts feel the big four (KPMG, Ernst & Young, PWC, Akintola Williams, and Deloitte) have better access to advanced technologies and specialized employees than other firms. Larger firms do better audits, according to Oluyinka et al., (2021). Larger organizations with more resources can recruit more skilled workers, (Chinedu et al., 2019).

### **Audit Independence**

Audit independence refers to an auditor's objective mental approach when making decisions during the audit and financial analysis process (Monametsi & Agasha, 2020). Independence is defined as the absence of influence, persuasion, or bias, which significantly decreases the worth of the audit service and audit report if it exist (Anil 2016). The lack of independence of an auditor influences the risk of viewed as non-objective. This means that if a breach is identified, the auditor is unlikely to reveal it. Public disclosure of audit fees and the non-audit fee is required, auditors may be willing to offer qualified audit views regardless of the client's economic importance to the auditor, and unqualified audit opinions otherwise (Okolie 2014). Independence, according to the Institute of Internal Auditors (2007), is an anticipated auditor behavior that direct an auditor who does not have a self interest in executing his or her job because it would be contradictory to integrity and objective standards (Eshitemi & Omwenga, (2016). Because an audit opinion aims to raise the credibility of a accounting information as a management declaration, if a public selected accountant depend on the client, his expression of audit opinion will be useless. It is hypothesized that audit independence will have a significant relationship with the financial performance of listed Nigerian Cement Companies (Santos 2015).

### **Financial Performance**

There are different components of performance, each of which adds to an organization's total performance Cheong et al (2015). Despite the advent of different available benchmarks and performance evaluation methods, defining what constitutes performance may remain elusive. The banking industry strives for high performance, but few banks are concerned with what that entails (Babatunde et al 2020). The present stock market rally, which comes at a time when organization profits are plummeting, required the question as to whether the banks as financial institute are doing a decent approved responsibility for their investors/shareholders.

## 2.2 Empirical Review

Umoh (2025) examined the impact of audit independence on firm performance in Nigeria using secondary data from listed companies' annual reports. Audit independence was measured through indicators such as auditor tenure, auditor rotation, and the extent of non-audit services, while firm performance was assessed using return on assets (ROA) and return on equity (ROE). The study found a generally positive relationship between audit independence and financial performance, indicating that firms audited by more independent auditors tend to report higher performance due to improved reliability and reduced managerial opportunism. However, the magnitude of the effect varied across firms, suggesting that contextual factors and firm-specific characteristics may influence the effectiveness of audit independence. Overall, the study concluded that strengthening auditor independence is critical for enhancing financial performance in Nigerian firms.

Sani and Umar (2024) investigated the relationship between audit quality and financial performance in the Nigerian banking sector using panel data derived from banks' annual reports. Audit quality was measured using proxies such as audit firm size, auditor independence, and audit tenure, while financial performance was assessed using indicators like return on assets (ROA) and return on equity (ROE). The findings revealed a mixed relationship: audit firm size and auditor independence showed positive effects on financial performance, indicating enhanced credibility and monitoring, while audit tenure exhibited an insignificant or weak effect. The study concluded that although audit quality contributes to improved bank performance, its impact varies across different dimensions, emphasizing the need to strengthen key audit mechanisms to enhance financial outcomes.

Bello et al., (2023) examined the effect of audit characteristics on the financial performance of consumer goods firms in Nigeria using panel data from firms' annual reports. The study proxied audit characteristics with audit firm size, auditor independence, audit tenure,

and audit fees, while financial performance was measured using ROA and ROE. The findings revealed mixed effects: audit firm size and auditor independence showed positive relationships with financial performance, indicating improved credibility and monitoring, while audit tenure exhibited a negative effect, suggesting that prolonged auditor relationships may reduce independence. Audit fees produced mixed results, reflecting both quality signaling and cost implications. The study concluded that audit characteristics significantly influence firm performance, though the direction of impact varies across different proxies.

Adebayo and Oladele (2022) examined the relationship between audit quality and firm performance using evidence from Nigerian manufacturing firms. The study employed a panel research design, utilizing secondary data obtained from the annual reports of selected firms over a specified period. Audit quality was proxied using key indicators such as audit firm size, auditor independence, and audit tenure, while firm performance was measured using financial indicators including return on assets (ROA) and return on equity (ROE). The data was analyzed using multiple regression techniques to determine the extent to which audit quality influences firm performance. The findings of the study revealed that audit quality has a mixed relationship with firm performance. Specifically, audit firm size exhibited a positive association with financial performance, suggesting that firms audited by larger or Big Four audit firms tend to report better performance due to enhanced credibility and investor confidence. However, audit tenure showed an insignificant effect, indicating that the length of the auditor-client relationship may not necessarily improve firm performance. Auditor independence also demonstrated a weak but positive relationship with performance, implying that greater independence can enhance financial reporting quality, although its impact may be limited by other firm-specific factors. Overall, the study concluded that while certain dimensions of audit quality contribute to improved firm performance, the relationship is not uniformly strong across all proxies. The study recommended that firms

should engage reputable and independent auditors to strengthen financial reporting credibility and enhance overall performance.

Amahalu and Obi (2020) evaluate the impact of audit quality on firm financial performance of listed companies in Nigeria for the 2010-2019. The study looked at the impact of audit committee size, independence, and financial expertise on return on assets. This study relied on panel data derived from the annual reports and accounts of six (6) sampled quoted conglomerates for the years 2010 to 2019. The study used an ex-post facto research design. The study's hypotheses were tested utilizing inferential statistics such as the Pearson correlation coefficient and Panel least square regression analysis. At the 5% level of significance, the results demonstrated that audit committee independence, audit committee size, and audit committee financial expertise all have a significant positive effect on return on assets. The report advised, among other things, that Nigerian conglomerates adhere strictly to the regulations of the Companies and Allied Matters Act (CAMA), which require six members of equal representation: three shareholders and three directors.

Wijaya (2020) evaluate the impact of audit quality on the firm value of all listed manufacturing companies on Indonesian Stock Exchange from 2013 to 2017. Secondary data was used to analyse the multiple regression. The findings suggest that audit quality has a beneficial impact on the firm value of Indonesian manufacturing enterprises listed on the stock exchange. Companies with higher-quality audits receive a good response from the Indonesian capital market. Higher audit quality lowers agency costs, minimizes information asymmetry, and boosts the value of the company. Companies are encouraged to hire higher-quality auditors to boost their firm's worth in the Indonesian capital market, which will have a good impact on return on investment. We concluded that audit quality has a largely favorable impact on financial performance based on this premise. As a result, it was recommended that corporate organizations strive to

rotate audit firms regularly to benefit from their huge specialist and experiences towards improving their accounting methods, procedures and policies, and thus improve their financial performances, while shareholders should prioritize audit quality over cost considerations when appointing auditors.

Ogbodo, et al., (2019) focused on the effect of audit quality on the corporate performance of selected banks in Nigeria and was prompted as a result of the inability of audit to prevent the occurrence of fraud and material misstatement in the bank's financial reports. As a result, the purpose of this research is to determine the impact of audit quality on the corporate performance of a group of Nigerian banks. The study examined the influence of audit firm size on return on assets for Nigerian banks, as well as the effect of the independence of the audit committee on return on equity for Nigerian banks and the audit committee's effect on profit margins for Nigerian banks. Three research questions and hypotheses were generated to accomplish the goals of the study. As a result, the study recommended that corporations pick audit firms with a demonstrated track record of audit quality and reputation, among other factors; so, the debate over audit quality is far from done.

Iliemena et al., (2019) examined the impact of audit quality on firm financial performance of industrial goods companies. The researchers used audit fees (AUF) and audit firm rotation (AFR) as proxies for audit quality, whereas the return on assets was used to gauge financial performance (ROA). The study used descriptive research and ex-post research designs, and the period covered was from 2012 to 2018. Twenty-four industrial product businesses quoted on the Nigerian Stock Exchange as of September 4, 2019, make up the study's population and sample. Our findings suggest that audit firm rotation and audit fees have a considerable favorable impact on return on investment. The study concluded that audit quality has a largely favorable impact on firm financial performance based on this premise.

John, Kenneth, and Austine (2019) examined audit quality and firm performance. In the literature, numerous methods of assessing audit quality were discovered.

Audit firm size, audit opinion, audit firm rotation, audit tenure, audit fees, and auditor independence are all factors to consider, with company performance measured in terms of the firm's financial and market performance. Previous research has found that audit quality has a favorable or negative impact on corporate performance. Some studies have found a positive correlation between audit quality proxies and firm performance metrics, while others have found a negative correlation. Furthermore, the bulk of the works analyzed were conducted outside of the Nigerian business context, and even those conducted in Nigeria did not examine the effect of audit quality on performance in general, instead focusing on financial or market performance. This review, therefore, indicates quantitative research to fill the gap in the literature.

Cheng et al., (2018) examined the association between auditor size and performance. The census report of audit businesses in Taiwan from 1989 to 2006 provided the empirical data for the study. Public company audit market companies (PCAMFs) and non-public company audit market firms (NPCAMFs) are two market groups for audit firms (NCAMFs). Based on route analysis, the study found that auditor size affects performance directly and indirectly through auditor quality. Both auditor size and performance have a positive link with auditor quality. Additionally, PCAMF performance is more affected by auditor size than NCAMF performance is. Compared to NCAMF auditor quality, PCAMF auditor quality better explained variation in financial performance. The findings demonstrated that PCAMFs were able to enhance their financial performance by raising the caliber of their auditors.

### 2.3 Theoretical Framework

The study focused on stakeholders' theory

#### Stakeholder Theory

The agency theory gave rise to the stakeholder theory. According to agency theory, any contemporary organization is a collection of interactions between principals and their agents. The principals are the owners, or shareholders, of the entity, while the agents are the managers, or specialists in charge of the entity's

day-to-day activities. Analysts have noticed that this link causes formation asymmetry, with managers having an edge in formation. This necessitates competent oversight, which has elevated the function of the auditor, who is responsible for conducting an impartial review of the entity's operations to offer an opinion on its financial statements.

T auditor's expressed judgment provides the foundation for "trust" and "confidence" in the financial statements (Freeman, 1984). The stakeholder theory follows from the agency theory. According to the notion, every entity is made up of interactions between more than only the principals and their agents. Everyone with a stake in the entity's operations, including the host community, creditors, bankers, the government, and others, will interact in such relationships. This means that the entity is under more pressure to provide information; as a result, the auditor is under more pressure to guarantee that the financial statements are representative (Donaldson & Preston, 1995).

### 3. Methodology

The data is a panel in nature and as such longitudinal research design is most appropriate because the data to be utilized spans several cement companies and for nine (9) years 2013-2021. The population of the study is made up of three (3) quoted Cement Companies in Nigeria in 2021 (NGX Website, 2022). Data was extracted from the financial statements of listed Cement Companies in Nigeria. The study population consist of (three) cement companies listed on the Nigeria Stock Exchange (NSE) as of December 2021 (NSE website, January 2022). Secondary data was retrieved from the published annual report and financial statement of the Cement Companies on the NGX Website and the official Website of the Cement Companies for the study period.

The Panel Least Square Model was used as the method of data analysis. Descriptive statistics were used to compute the minimum, maximum mean, standard deviation value of both the dependent variable and the independent variable of interest. Inferential statistics included both correlation and regression,

multicollinearity test, fixed effect test, random effect test, Hausman test to select between fixed and random effect for the basis of hypotheses testing, and heteroskedasticity test. These were employed to determine the correlation between the study dependent and explanatory variables. Version 14.0 of STATA was used as the software for data analysis.

**3.1 Measurement of Variables**

The Audit Firm Type; AUFTY is regarded as an independent variable and is quantified or proxied as the number of cement companies audited by the Big four audit firms and non Big four audit firms. When a cement company is audited by a Big four audit firm, it is coded as 1, and when it is audited by a non-Big four audit firm, it is recorded as 0. Price Waterhouse Coopers, Deloitte, KPMG Ernst and Young are Nigeria's Big Four audit firms.

Audit Independence is also an independent variable which was calculated by the Ratio of audit fee to the company's revenue (Enekwe *et al.*, 2020)

Audit firm age is also an independent variable which will be calculated by the number of period/years the audit firm has been in existence (Enekwe *et al.*, 2020)

**3.2 Model Specification**

A Panel regression model was designed to evaluate the associations between the dependent variable and the five explanatory variables in this study to examine the effect of audit quality on firm financial performance of listed Cement Companies in Nigeria. The equation is as follows:

$$FP = \alpha_0 + \beta_1 AUFTY_{it} + \beta_3 AUDIND_{it} + \beta_5 AUDFAG_{it} + \epsilon_{it} \text{-----1}$$

$$ROA = \alpha_0 + \beta_1 AUFTY_{it} + \beta_3 AUDIND_{it} + \beta_5 AUDFAG_{it} + \epsilon_{it} \text{-----2}$$

Where FP = Firm Financial Performance

AUFTY = Audit Firm Type

AUDIND= Audit Independence

AUDFAG= Audit Firm Age (Independent variable)

$\alpha =$  is constant

$\beta_1 - \beta_5$  are the coefficient of the independent variables

$i =$  number of firms under observation

$t =$  time

$\epsilon =$  Error term

**4. Results and Discussion**

**4.1 Descriptive Statistics**

The section presents the study descriptive statistics of the dependent variable (Firm Financial Performance, proxied with ROA) and the independent variables proxied with audit firm type, audit tenure, audit independence, audit fees, and audit firm age.

**Table 1 Descriptive Statistics of Dependent and Independent Variables**

Variables	Mean	Std Deviation	MIN	Skewness	Kurtosis
ROA	0.1146846	0.0759266	-0.021461	0.3820030	2.657625
AUDIND	0.0006977	0.0009320	0.000329	4.7795920	24.26173
AUDFTY	0.6666667	0.4803845	0.000000	-0.7071068	1.500000
AUDFAG	46.703700	18.415740	17.00000	-0.4362121	1.702026

**Source: STATA Output 14.0**

Table 1 depict the descriptive statistics of the dependent and explanatory variables of the study. The results of the

mean of the ROA show a value of 0.1146846, which represents that the mean of the quoted cement companies

in Nigeria is centered around 0.1146846. the mean value for AUDIND shows a value of 0.0006977, AUDFTY reveals a figure of 0.666667 and AUDFAG shows a value of 46.703700. It shows that the standard deviation of the dependent variable (ROA) reveals a value of 0.0759266, while the values in respect of standard deviation for independent variables (AUDIND, AUDFTY and AUDAGE) reveal a value of 0.000932, 0.4803845 and 18.41574 respectively.

Table 1 also displays the minimum value in respect of the dependent variable (ROA) which shows a value of -0.021461 and that of the independent variables (AUDIND, AUDFTY and AUDAGE), which shows a value of 0.0003292, 0 and 17 respectively. The table also shows the Skewness figures for both the dependent and independent variables ROA and AUDIND, AUDFTY and AUDAGE respectively. The values are -0.2236068, 4.779592 and -0.7071068 respectively.

Kurtosis is a test for normality, which reveals whether used for the study is normally distributed. The results displayed in respect of Kurtosis show a value of 2.657625 in respect of ROA and for all the independent variables (AUDIND, AUDFTY and AUDAGE) show a value of 24.26173, 1.5 and 1.702026 respectively. From the displayed values, it is evident that the study data used is distributed normally because data is said to be normally distributed when it is above and greater than 0.30 (Koop, 2009)

#### 4.2 Correlation Results of Dependent and Independent Variables

Table 2 display the correlation results relating to the dependent variable (ROA) and independent variables (AUDIND, AUDFTY and AUDAGE).

**Table 2 Correlation Results of Dependent and Independent Variables**

Variables	ROA	AUDTEN	AUDFTY	AUDAGE
ROA	1.0000			
AUDIND	-0.0931	-0.2000		
AUDFTY	0.2444	-0.1581	1.0000	
AUDAGE	0.4502	-0.2085	0.6318	1.0000

**Source: STATA Version 14.0**

Table 2 which displays the correlation results in respect of the dependent variable (ROA) and the independent variables used for the study (AUDIND, AUDFTY and AUDAGE), it can be seen that both positive and negative relationships exist amongst the variables used for this study. ROA has a positive relationship with AUDFTY and AUDAGE, which is evident from the values of 0.2444 and 0.4502 respectively. Independence shows a mixture of positive and negative relationships amongst

the variables, a positive relationship with AUDAGE 0.8276. Audit firm type revealed a positive relationship with AUDAGE with values of 0.6318.

#### Multicollinearity Test Results of Independent Variables

Table 3 depict the test for multicollinearity amongst the explanatory variables used for the study.

**Table 3 Multicollinearity Test of Independent Variables**

Variables	VIF	1/VIF
AUDIND	2.165231	228.0681
AUDFTY	2.985092	0.001183
AUDAGE	2.772946	7.48007

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MEAN VIF 2.40

**Source: STATA Version 14.0**

Table 3 reveal the test for multicollinearity in respect of the independent variables (AUDIND, AUDFTY and AUDAGE). From the above outcome in the Table, it justified that the mean of the Variance Inflation Factor (VIF) displayed a value of 2.40 which is less than the acceptable benchmark of ranging between 1 and 10. The results, therefore, revealed the absence of multicollinearity (Gujarati, 2003).

### 4.3 Fixed Effect Regression Results of Dependent and Independent Variables

This section reveals the fixed effect regression outcome of the study dependent variable (ROA) and the explanatory variables (AUDTEN, AUDIND, AUDFTY, AUDAGE, and AUDFEES) used for this study and this is presented below:

**Table 4 Random Effect Regression results of the Dependent and Independent Variables**

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AUDFTY	-0.056876	0.032042	-1.775062	0.0904
AUDINDE	-30.77774	15.05204	-2.044755	0.0536
AFAGE	0.001654	0.000837	1.976759	0.0613
C	-0.589492	0.219724	-2.682875	0.0139
R-squared	0.747937	Mean dependent var		0.068565
Adjusted R-squared	0.687922	S.D. dependent var		0.072092
S.E. of regression	0.040273	Sum squared resid		0.034061
F-statistic	12.46249	Durbin-Watson stat		1.884990
Prob(F-statistic)	0.000011			

**Source: STATA Version 14.0**

Table 4 display the regression results in respect of the random effect of the dependent and independent variables. This reveals the coefficient and p-values of the variables. The random effect was carried out to test for the best model between fixed and random effects. The R-Squared value revealed a value of 0.747937 and the Probability Chi-Square shows a value of 0.000011. The adjusted R-Squared indicates that the model explains about 68.79% of the variation in the financial performance (ROA) as explained by the independent variables (AUDIND, AUDFTY and AUDAGE)

Table 4 displays the regression outcome as it relates to the association between audit firm type and the firm

financial performance of listed Nigeria Cement Companies. The coefficient value of the relationship revealed a figure of -0.056876, which is a negative relationship and the p-value revealed a value of 0.0904 which was found not significant. The result of the hypothesis shows that there is no significant relationship between the type of audit firms the quoted Cement Companies consult for their professional services and their performance. The result gave rise to agree with the null hypothesis which states that audit firm type has no significant association with financial performance of listed Cement Companies in Nigeria. The findings of this study are contrary to the findings of Ugwunta *et al.*, 2018, whose findings revealed a significant

association between audit firm type and financial performance.

The regression results as it relates to the relationship between audit independence and the firm financial performance of listed Nigeria Cement Companies. The coefficient value of the relationship revealed a figure of -30.77774, which is a negative relationship and the p-value revealed a value of 0.0536 which was found significant. The result of the hypothesis indicate there is a significant association between the audit independence exercised by these auditors while carrying out their audit functions and the firm financial performance of listed Cement Companies. The result gave rise to the rejection of the null hypothesis which states that there is no significant association between audit independence and firm financial performance quoted Cement Companies in Nigeria. The findings support the findings of Ogbeifun and Olorunsola, 2020 and Muchagia, 2018, who also found a significant relationship between audit independence and financial performance.

The regression outcome as it relates to the association between audit firm age and the firm financial performance of listed Nigerian Cement Companies. The coefficient value of the relationship revealed a figure of 0.001654, which is a positive relationship and the p-value revealed a value of 0.0613 which was found not significant. The outcome of the hypothesis indicate that there is no significant impact between the age of these audit firms consulted for their professional services and the firm financial performance of listed Cement Companies in Nigeria. The result gave rise to the acceptance of the null hypothesis which states that there is no significant relationship between audit firm age and the financial performance of quoted Cement Companies in Nigeria.

## 5. Conclusion and Recommendations

After investigating the association between audit quality and the firm financial performance of listed Nigerian Cement Companies, the following conclusions have been reached:

- i. The study concluded that the negative and no significant effect of audit firm type on firm financial performance could be a result of the fact that when these Quoted Cement Companies in Nigeria change their audit firm type from any of the Big 4 audit firms who are known for their extensive scrutiny of the financial statements, reports, books and account to any of the non-big 4 audit firms, who might not be rigorous in their audit exercise, which will result in a no significance between the two variables.
- ii. The study also concluded from the results of the association between audit independence and firm financial performance, that results therein could be linked to the fact that when these auditors are given the chance to carry out their audit assignment without any interference from the management of these listed Nigerian Cement Companies in Nigeria, it will have effect in their financial performance.
- iii. Finally, the study concludes in connection with the relationship between audit firm age and the firm financial performance of listed Nigerian Cement Companies, that the result can be linked to the fact that the audit firm age does not necessarily means that the audit firms might not have acquainted itself with the continuous changes in audit standards and guidelines as it relates to auditing of special kind of businesses in which Cement Companies is one of them, for the continuous years they continue to operate. They might have not gathered the needed experience in auditing Cement Companies, which in the end does not affect the financial performance of these Cement Companies in Nigeria.

This study evaluated the association between audit quality and the firm financial performance of listed Nigerian Cement Companies, the following are the recommendations of the study:

- i. The management of the listed Cement Companies in Nigeria advised seeking the services of any of the Big 4 audit firms in the

examination of their books, accounts, and financial statements because it will allow these audit firms to form an extensive and rigorous opinion into their financial activities, by blocking any leakages that might be unknown to the companies which will results into increased profitability at the long run.

- ii. The management is also recommended to continue to ensure the independence of the auditors and should accord the auditors any necessary cooperation for the smooth discharge of their audit assignment. They should not in any way try to induce or influence the auditors

financially or otherwise while carrying out their audit assignments.

- iii. The audit firms charged with the responsibility of examining the accuracy and fairness of the reports and accounts of these Cement Companies must ensure that they continue to gain more professional knowledge and must abreast themselves with the current happenings in the field of auditing and constant changes in the Cement industry. This can mostly be achieved by constant presence or attendance at the frequently organized Mandatory Continuing Professional Education (MCPE) by The Institute of Chartered Accountants of Nigeria (ICAN).

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