

AUDITOR TENURE, AUDITOR ROTATION AND FINANCIAL REPORTING QUALITY OF LISTED MANUFACTURING FIRMS IN NIGERIA

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Abstract

The spate of audit failure in the world especially in Nigeria has brought great disappointment to the users of financial reports. The problem has been linked to audit firm's tenure and lack of audit rotation. This study examined auditor tenure, auditor rotation and financial reporting quality in listed manufacturing firms in Nigeria. The study used ex-post facto research design, descriptive statistics, correlation analysis and binary logit regression model analysis was used. The study revealed that audit firm tenure ($\beta_1 = -17.897; p < 0.05$) has significant negative effect on financial reporting quality of listed manufacturing firms in Nigeria. Audit rotation ($\beta_2 = -21.346; p < 0.05$) has a negative and significant impact of audit firm on financial reporting quality of manufacturing firms in Nigeria. The study concluded that audit firms must be independent and should not be influenced to write an unqualified report. The study recommended that there should be regular audit firm rotation and audit engagement partners so as to increase the quality of financial reporting in Nigeria.

Keywords: Audit Tenure, Audit Rotation, Financial Reporting Quality, Nigeria