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EFFECTS OF AUDIT QUALITY ON SHARE PERFORMANCE IN NIGERIAN DEPOSIT MONEY BANKS

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ABSTRACT

External Auditor's report serves as an assurance to the investing shareholders/ public on the credibility of the financial statement presented by listed companies as investors are assumed to be rational in pursuing their wealth maximizing objective. In the light of this, the study examined the effect of audit quality on share performance in listed Nigeria Deposit Money Banks (DMBs). Share performance was measured by market price per share while audit quality was measured by audit compensation, audit tenure and auditor's independence. The study used secondary data which was obtained from 12 sampled DMBs for a period of 10 years covering 2012 to 2021. Expost-facto research design was used and purposive sampling technique was utilized in the selection of the sample size. The study adopted fixed effect regressions as tool for analysis and testing of hypotheses. The result showed that audit compensation has a negative and significant effect on share performance of DMBs in Nigeria, audit tenure has an insignificant influence on share performance of DMBs in Nigeria, while auditor's independence has positive and significant impact on share performance of DMBs in Nigeria. The study concludes that audit audit quality improves share performance of DMBs in Nigeria. The study therefore recommends that auditors should be fully independent when discharging their audit assignments to the banks.

KEYWORDS: *Audit Compensation, Audit Quality, Audit Tenure, Auditor's Independence, Share Performance.*

INTRODUCTION

Auditing is acclaimed to be the keystone in growing and developing economy and business organisations around the world. In the business environment, auditors are required to provide objective assessments concerning whether companies are managed responsibly and effectively to achieve the intended results or not. The confidence of investors is very important in the successful operation of the world's financial markets, and is one of the most frequently debated areas amongst auditors, politicians, media, regulators and the public (Erasmus & Micah, 2021). The trust of auditors in delivering high quality report continued until after the Enron Scandal in 2002 and the collapse of both small and big corporations across the globe which resulted in a heavy debate about audit quality and the factors that might influence the quality of an audit. The auditors' opinion is very key because it helps to confirm and authenticate the credibility and reliability or otherwise of the financial reports presented by the firm.

The perceived relevance of audit report is to provide reliable information about the truth and actual financial position, performance, and changes in financial position of a business investment opportunity that could be useful to a wide range of prospective investors, directors, financial institutions, government, regulatory agencies, and the general public in making rational investment decision (Okunade, 2020). This makes it highly crucial for the investors to have good knowledge and understanding of an organisation's financial reports to avoid irrationality in investment decision making. Investment decision making is even more challenging and problematic in a stock market as more insight and understanding are needed for better decision.

Auditors' reports are indispensable elements in decision making process of investors as regards the choice of share purchase. Therefore, providing high quality audit report by auditors is very crucial because it encourages investors to

make meaningful investment and similar resource allocation decisions. In the same vein, audited financial reports play an important role in communicating the financial position of an entity to the outsiders. According to Amahalu & Obi, (2020) audited reports remain the most realistic source of external information of organisations, nevertheless, in the wake of the recent accounting scandals where billions of naira of had vanished, the very integrity of audited financial reports have been called to question. Quality audit report is an information system that is used for communication purposes and for the purpose of aiding decision making (Mo'men, Khaled, Abanob & Mohammed, 2022). The investor makes the investment decision on the basis of the financial statements published by organisations. The higher the confidence in the financial statements, the better the investor relies on them to make meaningful investment decision (Amahalu, Egolum & Obi, 2019). Okunade, (2022) opined that investors are rarely accessible to monitor an organisation's daily activities, as a result; auditors are employed by the investors to examine the financial reports of their organizations and express their opinions on the financial reports being audited. He also stated that the investors did this to be assured that their funds were judiciously utilized. He further stressed that audit reports are very crucial because they intermediate between the auditor and those who invested in shares'

In addition, external audits performed in line with high quality auditing standards can stimulate the implementation of accounting standard by reporting entities and help ensure that their financial statement are reliable, transparent and useful (Awuye, 2022). A sound audit can help support strong corporate governance and internal control of firms, thus adding values to financial performance and further investment decision (Mo'men, Khaled, Abanob & Mohammed, 2022). Jessen, William, Mark & Mohan (2015), predicted that an auditor's ability to detect errors is a function of auditor's effort and effectiveness and that an auditor's incentives to report or correct errors depend on factors such litigation risk, reputation costs, and auditor independence

In Nigeria, the banking sector is responsible for the monetary transactions of individuals and corporate organisations and as such prompt presentation of quality financial reports by banks is highly essential because it has a great influence on investors' decisions. Additionally, audited financial report is perceived to state the truth and fairness of the financial position of an organisation as this will assist potential investors in shares and the likes make informed and rational investment decisions (Amahalu, Egolum & Obi, 2019). In the same vein, when investors have deeper understanding of audited financial reports of banks, they won't make unreasonable investment decisions on shares. (Mahmoud 2017).

STATEMENT OF THE PROBLEM

External Auditor's report serves as assurance to the shareholders of the credibility of the financial statement. Ling and Nopmanee (2015) opined that the near meltdown in financial services which auditors failed to mitigate or at least warn of the potential disaster ahead has arisen questions on the quality of external audit. Furthermore, the failures of businesses are not a new phenomenon as deficiencies exist in financial reporting and corporate disclosure of firms/companies. The high profile collapses which involved accounting frauds have negatively affected stakeholders in terms of losses they suffered in their investments in shares of firms. These incidents drew greater attention to the area of auditing and the role of an audit report (Abudullahi, Norfadzilah & Umar 2020). Accordingly, International Auditing and Assurance Standards Board (IAASB) Framework recognised the term "audit quality" but failed to provide a meaning that receive universal acceptance.

In Nigeria, the apparently persistent banks failures have given raise some basics questions on the quality of audit and independence of the audit firms. Additionally, regulatory agencies have expressed their worries over the extent of link between auditors and their customers which could mar audit quality of financial reports. Despite their involvements, the problem of having quality audited financial reports is still prevailing (Erasmus & Micah, 2021)

Over the years, many studies have been carried out on audit quality and it was discovered that much attention had been paid to its impact on financial performance of firms; Enekwe, Chika & Udeh, (2020), Afifa & Saleh (2023), Awuye, (2022), Soyemi, Tiamiyu & Omale, (2022). Also a review of related studies revealed that most of these studies used a few years (i.e. five to six years) for their studies; Afifa & Saleh, (2023), Erasmus & Micah, (2021), Awa & Obinabo (2020), Mohammed, (2015), Okolie & Izedonmi, (2014), Salma & Maha, (2022). However, this study covers longer and most recent years. These years are 2012 to 2021.
It was also observed that most of these researchers used non-financial firms (manufacturing and oil and gas firms) for their studies; Soyemi, Tiamiyu & Omale, (2022), Ugwunta, Ugwuanyi, & Ugwa, (2018), Enekwe, Chika & Udeh,

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Mohammed, (2015), Awa & Obinabo (2020). However, for the purpose of this study, financial firms are used for the research work. Empirical review also indicated that these studies produced varying and contradictory results.
The study filled in these identified gaps by extending the study periods to ten (10) most recent years i.e. 2012 to 2021 as against five and six years been used by most of these researchers and by using Deposit Money Banks as a case study because of various instances of corporate scandals in the banking sector in Nigeria which makes the reliability of audited reports of banks questionable.

OBJECTIVES OF THE STUDY

The objective of this study is to examine the effects of audit quality on share performance in Nigerian Deposit Money Banks. Specifically the study seeks to achieve the following objectives:

I. To examine the effect of audit compensation on market price per share in Nigerian Deposit Money Banks.
II. To evaluate the influence of audit tenure on market price per share in Nigerian Deposit Money Banks.
III. To examine the impact of auditor's independence on market price per share in Nigerian Deposit Money Banks.

Statements of Hypotheses

Sequels to the study objectives, the following null hypotheses were formulated:

H_{o1}: Audit compensation has no significant effect on market price per share in Nigerian Deposit Money Banks.
H_{o2}: Audit tenure has no significant influence on market price per share in Nigerian Deposit Money Banks.
H_{o3}: Auditor's independence does not have significant impact on market price per share in Nigerian Deposit Money Banks.

LITERATURE REVIEW

Audit Quality

There exist no universal definitions on the concept of audit quality. However, audit quality is referred to as the accuracy of the report an auditor gives to the investors. (Hussainey 2009 as cited in Idogho & Daniel 2021). They asserted that Audit quality is presented as market assessment and that market assessment comprises the possibility that the auditors both detects material misstatement in employer's system and reports the detected material misstatement. The possibility that a material misstatement is spotted by the auditor is associated to his competence and the possibility that the detected material misstatement are reported by him is related to his independence (Hamza, Wan & Nortadzilah, 2021). According to Suleiman, Yasin and Muhamad, (2018) as cited in Idogho & Daniel, (2021) the three key perceptions about audit quality are: one, they recognized the complex nature audit quality. Secondly, audit quality is influenced by both internal factors within the accounting firms and contextual factors affecting the accounting firm jobs. Lastly, previous studies made use of long-standing method which restricts information about the understanding of audit quality. Khudhair, Al-Zubaidi, & Raji, (2019) were of the opinion that a very robust audit quality is very key in the operation and survival of capital markets and that investors aspirations can be met with organisations with high quality audit reports.

Audit Quality Measurements

Audit Compensation

Audit compensation is also known as audit fees; is a measure of audit quality that is used in this study in relation to share performance. According to Yuniarti (2011), the audit fee is the fee paid to the auditors for annual audits and reviews of financial statements for the most recent fiscal year. He stressed further that the elements that set the basis for audit compensation include; the client size, the required level of expertise, the associated risks and how challenging the audit work is among others. Choi, Kim, Liu and Simunic (2009) opined that audit compensation reveals additional audit work which will lead to a higher audit quality. On contrary Francis, La Fon, Olsson & Schipper, (2004) opined that audit quality may reduce with fee dependence if marginal forces related with manager influence overwhelm those connected with the scope of doings involved. The fees paid to external auditors can have a great influence on its independence because huge audit fees can make auditors compromise their stand and dance to the tune of their employers while small audit fee may hinder auditors' time and cost in executing comprehensive audit processes (Erasmus & Micah, 2021).

Audit Tenure

Another measure of audit quality is tenure. According to Lambe, Orbunde & Yohanna (2021) Audit tenure refers to the length of time it takes an auditor to audit accounting reports of a business entity. They further explained the two

opposing views on the effects of audit tenure on audit quality. The first view was that as the auditor–client relationship lengthens, the auditor may develop a close relationship with the client and impair independence which may eventually result in poor audit quality. The second view was that as audit tenure lengthens, auditors increase their understanding of their clients' business and develop their expertise during the audit exercise and this will boost the quality of the audit outcome. In the same vein, Augustine, Famous and Augustine, (2014) considered at least three years enough for gaining the required knowledge to understand the organization by the auditor. The longer the audit tenure, the better the understanding of the employer and expertise in that specific industry will be and this subsequently leads to increase in audit quality (Mohammed, 2021).

Auditor's Independence

Independence simply implies the mental state of objectivity and freedom of bias. Audit independence is therefore a core professional values guides auditor's performance and validates audit quality. Auditor's independence is very crucial because it has the capacity to reduce agency problems between shareholders and management (Ugwunta, Ugwuanyi, & Ugwa, 2018). According to Okolie & Izedonmi (2014) independence of an auditor will assist him/her make unbiased decision and express his/her opinion freely and without any influence on the financial statements being audited. Independence gives freedom which assists auditor in carrying out his/her audit work without influence or biasedness throughout the audit assignment. When an auditor is independent, there is tendency of being biased and he/she may not reveal breach identified in the course of the audit work thereby making his/her opinion subjective and misleading (Ozegbe & Jeroh, 2022)

Performance

Performance is a measure of an organisation's value. Audited reports of firms show information about firm's performance which assists shareholders in decision making. Market price per share is employed to measure performance which shows the results of firms' policies and operations (Ozegbe & Jeroh, 2022). Afifa & Saleh (2023) opined that firms whose accounting reports are investigated by reputable audit firms have the tendency of better performance in the future years.

Market Price per Share

Market price per share is the most recent price of a single share in a publicly traded stock market. It is influenced by the forces of supply and demand. It is the price that a stock can be readily purchased or sold in the current market place. When more people are trying to buy a stock than sell it, the market price will rise but the reverse is the case when less people are buying a stock than sell it (Li, Adeke & Mandella, 2019). 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 (Ugwunta, Ugwuanyi, & Ugwa, 2018). 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. The market price per share is used to determine a company market capitalization and it is the recent share price of a company divided by the total number of outstanding shares (Ozegbe & Jeroh, 2022).

Theoretical Review

Stakeholder Theory

This theory was established by Freeman Edward in 1984 to create an alertness of the bond that existed between a business organization and its stakeholders in which institutions and investors are inclusive. The theory stated that records or failure of an organization has a great effect on its stakeholders. It went further to explain that a symbiotic relationship exists among the stakeholders and that they all benefit from the values created by the organization. Donaldson and Preston (1995), opined that directors of an organization have duties to safeguard the interest of an organisation's stakeholders. As a result, an auditor should be made answerable to all stakeholders of an organization when performing his legal obligation which involves expressing an opinion on the truth and fairness of the financial records been audited for decision making. This is highly imperative because the reliability of the auditor's audited financial reports is dependent on its quality.

Auditors' Theory of Inspired Confidence

Propounded by Professor Theodore in Netherland in 1985; the theory provides a linkage between the users' (investors') requirement for quality accounting information and the ability of the audit processes to fulfill the

obligations to the stakeholders (investors). This theory asserted that the auditor being a confidential agent is expected to perform an expert and independence examination on the accounts of firms after which he also gives an expert and independent judgment on the accounts being audited with prove. As such, auditors are expected to plan adequately before discharging their audit assignment in order to reduce the risk of hidden material misstatements and give quality audit reports. The study is however anchored on Auditor theory because it emphasizes that the roles of auditors are a derivation from the confidence that are bestowed by the public on the success of their audit assignment and the assurance which the opinion of the auditor expresses to the stakeholders and the to-be-investors.

Review of Empirical Studies

In order to understand the empirical relationship between audit quality and share performance, various studies were reviewed.

Okolie & Izedonmi (2014) studied the influence of audit quality on the share price of listed firms in Nigeria from 2006 to 2011. Findings showed that audit tenure had negative and insignificant influence on listed firms in Nigeria. The study also revealed that audit fee had positive and significant effect on market price per share of listed firms in Nigeria. It was however concluded that audit quality had significant influence on the price per share of quoted firms in Nigeria. Soyemi, Tiamiyu & Omale (2022) examined audit quality characteristics and firm performance of quoted non-financial firms in Nigeria. Findings revealed that audit tenure has positive and significant on the performance of listed non-financial firms in Nigeria while audit fee indicated negative and insignificant effect on the performance of listed non-financial firms in Nigeria. However, Awa & Obinabo (2020) in their study; audit quality and shareholders' earnings of listed industrial goods firms in Nigeria from 2012 to 2018 submitted that audit tenure had negative and insignificant impact on shareholders' earnings.

Ugwunta, Ugwuanyi & Ugwa, (2018) investigated the influence of audit quality on market price of quoted oil and gas firms in Nigeria using panel multiple regression model of analysis. The results showed that audit committee, audit tenure and auditor's independence had significant links with market price of shares of quoted oil and gas firms in Nigeria while audit composition had links with market price of shares of quoted oil and gas firms in Nigeria. Erasmus & Micah (2021) investigated the relationship between audit pointers and market price per share of banks in Nigeria from 2006 to 2019. Audit quality was proxy by audit fees, audit tenure and audit firm size. The study employed least square regression for hypotheses formulation with the assistance of E-view 10. Finding confirmed that audit quality pointers impacted positively on market price per shares of banks.

Enekwe, Chike & Udeh (2020) examined the influence of audit quality on financial performance of listed manufacturing firms in Nigeria from 2006 to 2016. Audit quality was proxy by auditor independence, audit committee and audit fee while return on assets was used as proxy for financial performance. OLS method of regression was used for analysis. The outcome of the study indicated that audit fee had no link with firm's financial performance while auditor's independence and audit committee had positive impact on financial performance of listed manufacturing firms in Nigeria. Afifa & Saleh (2023) carried out study on impact of audit quality on companies' performance from 2012 to 2017 using listed companies on the Amman Stock Exchange in Jordan. Companies' performance was measured by ROA, ROE and EPS while audit quality is measured by audit tenure, audit industrialization and audit firm. The outcome showed that audit tenure had negative influence on companies' performance (ROA). Also, outcome of the results confirmed that both audit tenure and audit industry specializations have insignificant adverse effect on ROE and EPS.

Awuye, (2022) studied the impact of audit quality on earnings management of French listed firms using correlation matrix for analysis. Findings indicated that audit quality has adverse influence on earnings management of French listed firms. In the same vein, Mohammed (2015) investigated the impact of audit quality on earnings quality of listed manufacturing companies in Amman. The results revealed that audit quality impact positively on earnings quality of listed manufacturing firms in Amman. Putra & Fito-Mela (2019) examined the relationship between audit quality and earning management: Informative and opportunist perspective in Indonesia. The study used samples of 615 firm-year of manufacture companies listed in Indonesian Stock Exchange for the period of 2013-2017. Audit quality is measured by a proxy of the big 4 while earnings management is by discretionary accruals. Analysis method uses logistic regression was used to measures the relationship. Result of the study shows that high audit quality increases informative earnings management and reduces opportunist earnings management.

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Elewa & El-Haddad (2019) investigated the effect of audit quality on firm performance: A panel data approach in Egypt. Audit quality is measured by a proxy of the big 4 and audit independence while companies' performance was measured by return on assets and equity. The study uses financial statements of thirty non –financial firms listed as EGX 100.The study covered a period of 2010-2014. Data panel analysis was deployed to measure the data. The findings reveal that the BIG 4 and Auditor rotation have an insignificant impact on the return on assets and return on equities of the firm.

Ozegbe & Jeroh (2022) researched on audit quality and financial performance of listed firms in Nigeria. Audit quality measurements were statutory audit services, audit tenure, auditor's independendence and audit-firm size while ROA was used to measure firm performance. Study results showed auditor's independence had negative significant influence on ROA while audit tenure and firm size had positive insignificant effect on ROA.

Li, Adeke & Mandella (2019) worked on audit quality and shareholders' earnings and stock price volatility of quoted manufacturing firms in Nigeria. Findings indicated that auditor's independence, audit firm size and audit firm specialization had positive and significant influence on earning per share and market per share results showed that audit tenure had negative insignificant impact on market price per share of quoted manufacturing firms in Nigeria.

Mohammad (2017) examined the audit quality and Investment efficiency of the listed companies on the Tehran Stock Exchange (TSE). The study used a population of 94 from 2008 to 2015. The studies employed auditor industry specialization, auditor reputation, and auditor independence as audit quality variables. The study concluded that audit quality influences investment efficiency.

RESEARCH METHODS

Expost-facto design was adopted for the study because data for the study is secondary sourced and is already existed information. The population of the study consists of all the fourteen (14) listed deposit money banks on the floor of the Nigeria Exchange as at 31st December 2021. The study used purposive sampling technique in selecting 12 banks for the study. This was because purposive sampling technique allows the researcher to pick only those banks that met the purposes of the study; as whether audit quality has influence on the share performance of DMBs in Nigeria or not. As a result, twelve (12) banks were selected based on their availability of relevant information as well as their performances which were reflected in their annual financial reports. These banks were; Access Bank, First Bank, FCMB, Fidelity Bank, GTB, Stanbic IBTC, Sterling Bank, UBA, Union Bank, Unity Bank, WEMA Bank and Zenith Bank.

The data for this study was collected from the financial reports of the selected DMBs in Nigeria for the period under study. These are 2012 to 2021. The market price was collected from NSE website and Cash craft asset management limited site. The study employed multiple linear regressions in the analyses of its data. The reason for the choice of regression as the tool of analysis in this study was due to the fact that, the technique was effective in estimating the effect of one variable on another. The study used STATA 13 package as a tool of analysis.

Model Specification

The model of this work was adapted from the work of Ugwunta, Ugwuanyi and Ngwa (2018) and modified as follows:

$MPS = \alpha i_t + \beta 1 ACi_t + \beta 2 ATi_t + \beta 3 AIi_t + \beta 4 FSIZEi_t + \varepsilon i_t$

The variables included in the model are:

AC = Audit Compensation

AT = Audit Tenure and

AI = Auditor's Independence

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Table 1: Variables Definitions and Measurements

Variable name	Variable type	Variable measurement
Market price per share (MPS)	Dependent variable	Price of the share 3months after end of accounting year
Audit compensation (AC)	Independent variable	Log of the Audit Fees Paid by the company
Audit Tenure (AT)	Independent variable	Dichotomous value, 1 for audit tenure of three years or less & 0 otherwise
Auditor Independent (AI)	Independent variable	Proportion of audit fee to firm's income
Firm size(FZ)	Control variable	Natural log of total assets

Source: Compiled by the researcher (2023).

DATA RESULTS AND INTERPRETATION

This section presents the results obtained from the analysis conducted and the discussions thereon.

Table 2: Descriptive Statistic

Variable	Obs	Mean	Std deviation	Minimum	Maximum
MPS	120	9.11	10.69	0.42	48.3
AC	120	12.43	0.72	11.08	13.98
AT	120	0.6	0.49	0	1
AI	120	0.082	0.21	0.00057	0.76
FS	120	21.22	0.897	18.87	22.99

Source: Student's Computations, (2023).

Market price per share (MPS) which is the dependent variable of the study has a minimum value of 0.4 and a maximum value of 48.3. The average value of 9.11 with standard deviation of 10.69 signifies that there is a wide variation across the sample firms. The average value of ₦ 9.11 for the period shows that the shares of the DMBs in Nigeria are marketable.

The table also indicates that the minimum and maximum values of the natural log of audit firm compensation (AC) are 11.08 and 13.98 respectively, with the mean value of 12.43 and a standard deviation of .72. The result also indicates that Audit Tenure (AT) has minimum and maximum value of 0 and 1 respectively. The average value of the audit tenure is 0.60 and a standard deviation of 0.49. The average is an indication that 60% of the audit-client relationship lasts for three years and above. This implies that the audit tenure has minimum or insignificant influence on the market price per share of DMBs in Nigeria.

The table also indicates that auditor's independence has a minimum of 0.00057, a maximum of 0.76, an average of 0.082 and a standard deviation of 0.21 respectively. The mean value of 0.082 indicates that 8% of the quoted DMBs used for this study had their financial report audited by auditors without independence. The table also indicates the minimum and maximum values of the firm size (FS) to be 18.87 and 22.99 respectively, with the mean value of 21.22 and a standard deviation of 0.897.

Results of Diagnostic Test

In this section, the results of the normality of residuals, heteroskedasticity test, multicollinearity test, Huasman specification test, are presented and discussed, as shown in the tables below as follows:

Table 3: Diagnostic Test

Test	Chi2	P-value
Normality (Jacque Bera)	5.03	0.080
Heteroscedasticity Test (Breusch-Pagan / Cook-Weisberg test for heteroskedasticity)	0.11	0.735

Source: Student's Computations, (2023).

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Normality: One classical assumption of the OLS regression model is that the error terms are normally distributed. The normality of the residual was tested using the Jacque Bera test at a 5% level of significance. The residual reveals an insignificant p-value of 0.080 which is greater than a 5% level of significance. This suggests that the residual is normally distributed.

Heteroscedasticity Test: The heteroscedasticity test was done using Breusch-Pagan / Cook-Weisberg test for heteroskedasticity. The result from table 4 shows the prob>chi2 is 0.735 which is greater than a 5 % level of significance. This points out that there is no presence of heteroskedasticity. Both assumptions are satisfied.

Table 4: Hausman Specification Test

Test	Chi2	P-Value
Hausman specification test	77.43	.000

Source: Student's Computations, (2023).

Hausman specification test was conducted to test the choice of panel model. The result shows that at a 5% level of significance, the prob>chi2 is 0.000 which is less than 5% level significance. This significant p-value shows that the effect is fixed and fixed effect regression is suitable for the study. Hence, the study interpreted the fixed effect model.

Regression results

The regression results presented below were based on the decision of the Hausman specification test.

Table 5: Fixed Effect regression

Variable	Coefficient	Std error	t-statistic	p-value
AC	-0.047	0.017	-2.76	0.007*
AT	-0.008	0.005	-1.79	0.077
AI	0.010	0.004	2.53	0.013*
FS	0.001	0.001	0.71	0.478
CONSTANT	0.426	0.176	2.46	0.015*
R-sq: Within	0.18			
F-st/prob	3.72			.003*

***, significant at 5%, Source: STATA13, Student's Computations, (2023).**

The table also shows that the audit quality variables, and firm size selected above are able to explain changes in the MPS to a tune of 18%. The F-stat shows a chi square of 3.72 and a p-value of .003 indicating that the model used in the study is fit and that the variables selected for the study jointly have effect on market price per share listed DMBs in Nigeria. The implication is that all variables have significant influence (that is audit compensation and auditor's independence) and insignificant influence (audit tenure) on market price per share of DMBs in Nigeria.

Table 6: Multicollinearity test

Variable	VIF	1/VIF
AC	3.77	0.27
AT	1.10	0.91
AI	1.52	0.66
FS	2.91	0.34
MEAN VIF	2.32	

Source: Student's Computations, (2023).

The results from Table 6 shows that there is no presence of harmful correlation among the independent variables as the largest Variance inflation factor (VIF) is 3.77 and the smallest tolerance value (TV) is 0.27

DISCUSSION OF FINDINGS

Audit compensation and Share Performance

Table 6 shows that audit compensation has a negative and significant impact on market price per share of the listed DMBs in Nigeria with a Value of 0.007 at 5% level. This means that one unit increase in the external audit compensation will lead to 0.047 decreases in market price per share. This shows that increase in the amount paid to external auditor negatively and significantly influences share purchase by investors. Hence, the null hypothesis one

that the audit compensation has no significant effect on market price per share of Nigerian Deposit Money Banks is rejected. This implies that investors on shares of DMBs in Nigeria perceived higher audit compensation as a threat to independence of auditor and would react negatively to it. This result is in line with the work of (Afifa & Saleh, 2023). However, the result contradicts the work of Erasmus & Micah, (2023).

Audit Tenure and Share Performance

Table 6 also shows that audit tenure has a negative and insignificant impact on market price per share of listed DMBs in Nigeria. This is evidence by a coefficient value 0.008 and a P-value 0.077 which is greater than 5% level of significance. Thus, the study fails to reject hypothesis two that audit tenure has no significant influence on market price per share of Nigerian Deposit Money Banks. However, the negative effect suggests the perceived familiarity threat likely to come up when an audit firm stays long with a bank. In tandem with the works of Awa and Obinabo (2020) & Awuye (2022), the outcome of this study contradicts that of Soyomi, Tiamiyu & Omale (2022).

Auditor's Independence and Share Performance

Furthermore, Table 6 reveals that there is a positive and significant effect of Auditor's independence on market price per share of listed DMBs in Nigeria. This is revealed by a coefficient value of 0.010 and P-value of 0.013. This implies that Auditor's independence positively influences market price per share of DMBs in Nigeria. Hence, the third hypothesis that Auditor independence has no significant impact on market price per share of Nigerian Deposit Money Banks is rejected. This result supports the work of Ugwanta, Ugwunyi & Ugwa (2018) and Enekwe, Chike & Udeh (2020).

CONCLUSION

This study examined the effect audit quality on share performance of listed deposit money banks in Nigeria from 2012 to 2021. The study found that audit compensation has negative and significant effects on share performance of listed deposit money banks' share performance in Nigeria while audit tenure has an insignificant relationship with share performance. Furthermore, it was discovered that auditor's independence has positive and significant effect on market price per share of DMBs in Nigeria. The study therefore concludes that audit quality improves share performance of DMBs in Nigeria.

Recommendations

This study thus recommends among others that:

i. Central Bank of Nigeria (CBN) should ensure that audit remuneration is moderate and in line with auditing standard to improve share pricing of banks. High audit compensation should be discouraged because an increase in audit compensation paid to the auditors will have negative effect on share purchase of DMBs by investors in Nigeria.
ii. External auditor's tenure should be rationally long enough to assist auditor in comprehending and implementing the appropriate procedures towards achieving the set goals of their audit work particularly in the area of volume of shares traded. At the same time, this should be regulated by Financial Reporting Council of Nigeria (FRCN).
iii. Auditors should be fully independent in the discharge of their audit assignments as well as expression of opinion on the financial statements of banks being audited because their opinions will have significant effect on vital areas of the banks such as the performance of their shares in the stock market
iv. Financial Reporting Council of Nigeria should ensure that auditors comply with auditing rules and guidelines while discharging their audit assignments and sanctions should be placed on any erring auditor because most investors and other stakeholders in the banking sector rely on their opinions for decision making. Also because their opinions can make or damage audit profession in Nigeria.

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