African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 5, Issue 2, 2022 (pp. 73-92)
www.abjournals.org

AUDIT FIRM ATTRIBUTES AND EXTERNAL AUDITORS' SWITCHING BEHAVIOUR OF INSURANCE COMPANIES IN NIGERIA

Appah Ebimobowei (Ph.D, FCA), Onowu Joseph Uche,

Audu Adamu Jibrin and Tonye Young Arney

Ignatius Ajuru University of Education, Port Harcourt, Rivers State, Nigeria

+2348037419409; appahebimobowei@yahoo.com

Cite this article:

Appah E., Onowu J.U., Audu A.J., Tonye Y.A. (2022), Audit Firm Attributes and External Auditors' Switching Behaviour of Insurance Companies in Nigeria. African Journal of Accounting and Financial Research 5(2), 73-92. DOI: 10.52589/AJAFR-KWBB3FRL.

Manuscript History

Received: 10 March 2022

Accepted: 31 March 2022

Published: 3 Oct 2022

ABSTRACT: *Auditor replacement has been a critical issue in research to be solved in order to enhance the quality of audit reports. This study investigated the nexus between audit firm characteristics and external auditors' switching behaviour of insurance companies in Nigeria. The specific objectives include the relationship between audit delay, audit tenure, audit fees, audit client size and audit firm size on audit switching. The study employed ex post facto and correlational research designs with a population of forty-seven (47) insurance companies. The study used the Taro Yamene formula to determine the sample size of forty-two (42) insurance companies and data was collected from the financial reports of sampled companies. The secondary data obtained from the annual reports were analysed using univariate, bivariate and multivariate analysis. The multiple regression analysis revealed that audit delay negatively and significantly impacts on audit switching of listed insurance companies in Nigeria; audit tenure negatively and significantly impacts on audit switching of listed insurance companies in Nigeria; audit fees positively and significantly impact on audit switching of listed insurance companies in Nigeria; audit client size negatively and insignificantly impact on audit switching of listed insurance companies in Nigeria; audit firm size positively and significantly influence external auditor switching of listed in insurance firms in Nigeria. On the basis of the findings, the study concluded that audit firm characteristics influence the level of external auditor switching of listed insurance companies in Nigeria. Hence, the study recommended amongst others, that companies should conduct proper short and long term effects of audit delay, audit tenure, audit fees, audit client size and audit firm size on external auditors replacement before selection and engagement of new auditor because each wrong decision might affect audit quality. The implication of this study was to improve the research on the relevance of external auditors' switching because of the decision of the firms in defining audit firm services and audit quality.*

KEYWORDS: Audit delay, Audit Tenure, Audit Fees, Audit Client and Audit Switching

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

INTRODUCTION

Accounting research on auditor switching decisions influences the value of firms, the credibility of financial statements and the price of monitoring board of directors and managers' actions are properly recognized in developed nations. Wati (2020) explained that the close association between the external auditor and client can threaten the independence of external auditors. Hence to escape this threat, the switching of external auditors by clients is applied to improve audit quality. Choi et al, (2017); Akrawah et al, (2020) argued that the switching of external auditors by clients' has been a course for concern in contemporary accounting research that should be resolved in order to promote the quality of audit reports. Andreas (2019), Carp and Israte (2021) state that there are several proxies to measure the quality of financial statements and their influence on a diversity of indicators, often determined by the behaviour of many stakeholders. The authors further noted that financial reports provided by listed companies are subject to the control of the external auditors who, as independent auditors, is expected to evaluate the conformity of the financial statements with relevant accounting standards used by the audited company. The audit report presented by the external auditor may be affected by conflicts between the auditor and the auditee. There are several issues that cannot be resolved between the external auditor and the client and consequently, the client's behaviour is to switch the external auditor (Andrea, 2019; Wati, 2020).

Auditor switching is the replacement of an external auditor by a client for better services. According to Akrawah et al, (2020), auditor switching is the decision of management to replace the services of an external auditor for better service of audit quality or for cost reduction. The authors further added that auditor switching is the change of independent auditor by an auditee in carrying out audit work. Enofe, et al (2013), indicated that external auditor switching is required to minimise the challenge of familiarity of the independent auditor with the managers of firms. The authors further suggested that the principle of independence, objectivity and professionalism of the external auditor can be simply impaired. According to Moctezuma and Benau (2018), there are several reasons why firms in certain circumstances decide to replace their independent auditors. The authors further added that these reasons can be market-based and contractual-based. The switch of an external auditor from the market-based approach is associated with the functioning of the audit market while the contractual approach of external auditor-switching is connected to the external auditor with the client firm as defined by the environment in which the offer is developed and the nature of the power of negotiation of both parties being, therefore, factors of a strategic nature (Moctezuma & Benau, 2018). Akrawah et al (2020) argued that the replacement of external auditors guarantees the auditee freshness and indicating internal control issues that may have been ignored by former external auditors may be investigated by a fresh independent auditor.

There are several arguments from accounting literature that the quality of audit increases when a newly appointed external auditor with new and doubtful minds assesses the reports (Choi et al, 2017; Imegi & Oladutire, 2018). Additionally, engaging the same external auditor on the same client over a long period of time is observed to harm audit independence and objectivity as a result of threats from self-interest and familiarity (Akrawah et al, 2020). The factors responsible for the switch of auditors are audit delay, audit tenure, audit fee, audit firm size, audit client size, the conflict between client and auditor, changes in management, the reputation of the audit firm, (Wati, 2020; Akrawah et al, 2020; Andrea, 2019; Moctezuma & Benau, 2018) etc. Akrawah et al (2020) findings showed a positive and insignificant influence of audit delay on external auditor switching of listed firms in Nigeria. Sharma et al. (2017) suggested a

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

positive and significant influence between audit delay and auditor switching using a sample of listed firms in the US. Dong et al. (2018) disclosed a negative and significant relationship between audit delay and auditor switching using 103,482 firms' samples of Compustat. Aroh et al. (2016) established a negative and significant impact between audit firm size and auditor switching of 182 firms listed on the Nigerian Stock Exchange. Similarly, Brown and Knechel (2016) disclosed a negative and significant influence between audit firm size and auditor switching using data of Compustat while Huang and Kang (2018) discovered a positive and significant relationship between firm size and auditor switching using a sample of 1000 American companies. Akrawah et al (2020) found a positive and insignificant relationship between audit fees and auditor switching of listed firms in Nigeria. Similarly, Khasharmeh (2015) and Sharma et al. (2017) finds a positive and significant relationship between audit fee and auditor switching. Dhaliwal et al. (2015) disclosed a negative and significant association between audit tenure and auditor switching. The prior research inconsistencies of findings still exist; hence, it is essential to use other variables that can moderate the connection between audit fees, audit delay, audit tenure, audit firm size and audit client size on external auditor switching in Nigeria. Therefore, to the best of my knowledge, little or no investigation has been conducted in Nigeria in the area of external auditor-switching in the insurance sector. Therefore, the study planned to fill the gap created in Nigeria-related literature by investigating audit firm characteristics and external auditor switching of insurance companies in Nigeria. The specific objectives include, to:

1. investigate the relationship between audit delay and external auditors switching of insurance companies in Nigeria;
2. evaluate the relationship between audit tenure and external auditors switching of insurance companies in Nigeria;
3. determine the relationship between audit fees and external auditors switching of insurance companies in Nigeria;
4. investigate the relationship between audit firm size and external auditors switching of insurance companies in Nigeria, and
5. investigate the relationship between audit client size and external auditors switching of insurance companies in Nigeria.

The following research questions guided this study:

1. What is the relationship between audit delay and external auditors switching of insurance companies in Nigeria?
2. What is the relationship between audit tenure and external auditors switching of insurance companies in Nigeria?
3. What is the relationship between audit fees and external auditors switching of insurance companies in Nigeria?
4. What is the relationship between audit firm size and external auditors switching of insurance companies in Nigeria?

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

5. What is the relationship between audit client size and external auditors switching of insurance companies in Nigeria?

The following research hypotheses were analysed in this study:

H0$_1$: There is no significant relationship between audit delay and external auditors switching of insurance companies in Nigeria.

H0$_2$: There is no significant relationship between audit tenure and external auditors switching of insurance companies in Nigeria.

H0$_3$: There is no significant relationship between audit fees and external auditors switching of insurance companies in Nigeria.

H0$_4$: There is no significant relationship between audit firm size and external auditors switching of insurance companies in Nigeria.

H0$_5$: There is no significant relationship between audit client size and external auditors switching of insurance companies in Nigeria.

REVIEW OF RELATED LITERATURE

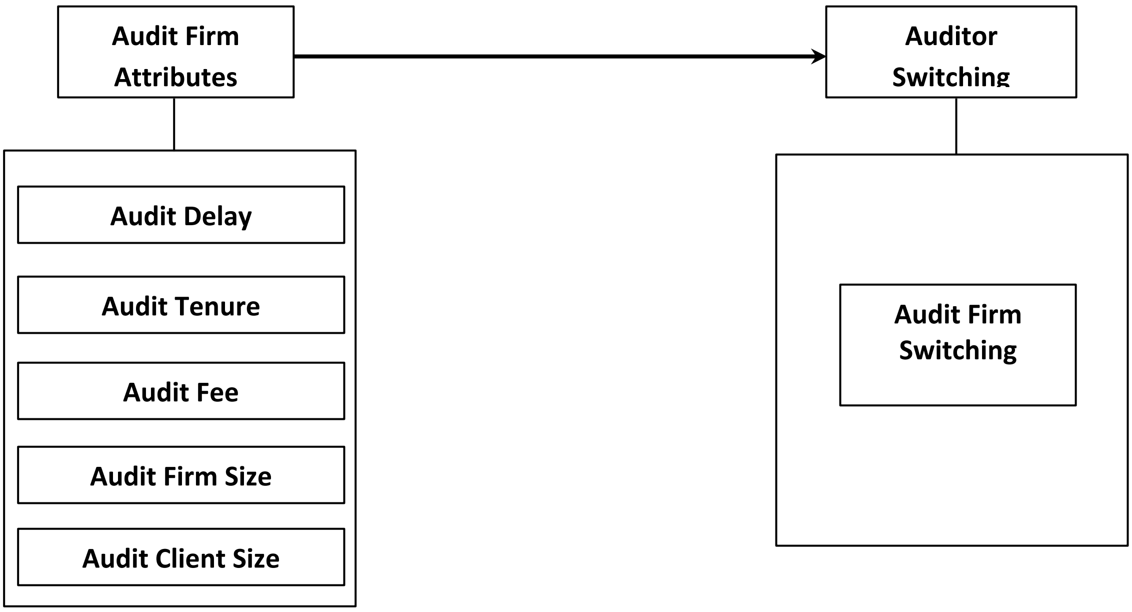

Fig. 1: Conceptual Framework on Audit Firm Characteristics and Auditor Switching

Source: Wati, (2020); Akrawah et al, (2020); Andrea, (2019); Moctezuma and Benau, (2018)

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Concept of Audit Firm Characteristics

Accounting literature flourishes with a number of audit firm characteristics affecting audit-switching. The study dealt with the following: audit delay, audit tenure, audit fee, audit firm size and audit client size.

Audit Delay: Audit delay is recognized as the number of days from the end of a firm's financial year to the date of the audit report (Swanson & Zhang, 2018). According to Nehme, et al (2015), audit delay is the difference between a business‘s financial year-end and the audit report date and reported in days. Robbitasari and Wiratmaja (2013) argued that audit delay in releasing the audited financial reports of listed firms is one of the main reasons why firms replace their external auditors so as to witness timely financial reports to the users of accounting information. Akrawah et al (2020) findings showed a positive and insignificant influence of audit delay on external auditor switching of listed firms in Nigeria. Sharma et al. (2017) suggested a positive and significant influence between audit delay and auditor switching using a sample of listed firms in the US. Dong et al. (2018) disclosed a negative and significant relationship between audit delay and auditor switching using 103,482 firms' samples of Compustat.

Audit Tenure: This is the length of association with auditor-client status between an external auditor and a firm. According to Qawqzeh et al (2018), audit tenure is the number of years an audit firm performs an audit assignment in a client or the number of years a firm employs the same auditor. Dhaliwal et al. (2015) disclosed a negative and significant association between audit tenure and auditor switching. Akrawah et al (2020) found a negative and significant association between audit tenure and audit switching.

Audit Fee: This is the price paid by an organization to an external auditor (audit firm) for external audit service. Shiyi and Jeyaraji, (2017) stated that audit fees also called audit pricing is the amount of money that auditees pay to audit firms for their auditing service. Audit fees consist of two elements which are audit resource costs and risk premiums. Audit resource costs are related to the number of audit efforts the auditors took in auditing and the risk premium is compensation for risk-taking. Shakhatreh, et al (2020) suggested that in the provision of audit services, independent external auditors are paid fees for their services rendered. The level of fees paid relates to the efforts of the external auditors. Akrawah and Akhor (2016) defined audit fees as the amount payable to the external auditor for carrying out audit services offered to the auditing firm. Similarly, Ohidoa and Okun (2018) opined that an audit fee is the amount of money received by an external auditor for carrying out an audit assignment on the financial records and accounts of the client firm. Akrawah et al (2020) found a positive and insignificant relationship between audit fees and auditor switching of listed firms in Nigeria. Similarly, Khasharmeh (2015) and Sharma et al. (2017) finds a positive and significant relationship between audit fee and auditor switching.

Audit Firm Size: The size of the audit firm plays a vital function in the client choice of external auditor switching. According to Kasih and Puspitasari (2017), in the advanced markets, audit firm size is measured as the most significant determinant of audit switching. The author further argued that the effect is that auditing large companies requires more resources (human and technical), which are commonly provided by big audit firms. Qawqzeh, et al (2018) argued that accounting literature suggests that audit-fee bonuses collected by big audit firms can be credited to their brand name or stronger reputations due to providing well-known quality

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

services to their clients. Defond et al. (2018) stated that external audit firm expertise is one of the qualities in big audit firms' services. Shakhatreh, et al (2020) noted that the skill and knowledge factors will determine auditor switching by the firm so that the company prefers big audit firms. A study conducted by Ugwu (2020) found a positive and not significant association between audit firm size and auditor switching in Nigeria. A study conducted by Wati (2020) in Indonesia revealed a negative association between audit firm size and external auditor switching. Also, Elder et al. (2015) found a positive and significant association between audit firm size and auditor switching while Aroh et al. (2016) found a negative and significant relationship between audit firm size and auditor switching.

Audit Client Size: Firm size is perceived as the main element of performance in any firm. It has continuously been the purpose of firms to increase in size in order to have an advantage over their competitors. It is a firm characteristic employed by previous studies to investigate the firm size and audit switching. According to Mo et al (2016), firm size is a factor used by firms to ascertain the size of a firm as a small or large corporation. Akrawah et al (2020) argued that firm size has been reconnoitred by works of literature as total assets, revenue, the scale of operations and number of employees among others as the measure of the size of a firm. Savitri (2019) is of the opinion that client firm size is the situation for the board to take on auditors switching. Brown and Knechel (2016) established a negative and significant association between company size and auditor switching while Huang and Kang (2018) disclosed a positive correlation between company size and auditor switching. The study conducted by Akrawah et al (2020) of listed firms in Nigeria found a positive and not significant association between client firm size and external auditor’s switching.

Concept of Auditor Switching

The debate on auditor replacement started in the 1970s due to the increase in competitiveness. Heliodoro et al (2016) argued that the corporate scandal connecting Enron and the related auditing firm, Arthur Andersen, activated a sequence of deliberations on auditor independence throughout the financial audit process, as the audit firms had been working together for around 10 years. The authors further stated the question of rotation as a promoter of auditor independence has been widely discussed; however, the effectiveness of the same is questionable in practical terms. Ugwu (2020) defined auditor switching as an action of switching public accounting firms. The author also noted that the switching of the external auditor is the resignation and discharge of the audit firm from performing an audit assignment from the client. Also, Akrawah et al (2020) stated that auditor switching is the movement of auditors from one public accounting firm to another either by resignation or dismissal by the recommendation of the audit committees. The authors further argued that the rate of switching external auditors are largely due to the absence of audit independence. Nazri et al (2012) contended that auditor switching has negatively affected the client firms as well as the audit firm. The authors further stated that auditor switching makes independent auditors lose their clients while the clients may suffer more costs based on the recruitment of new auditors. Binti, et al (2016) indicated that auditors who are considered to have low performance observe a high level of audit firm turnover as a result of auditor’s switching behaviour.

According to Adli and Suryani (2019), switching of external auditors can be mandatory or voluntary. Mandatory switching is done due to government regulations governing the requirement of auditors’ rotation. The authors argue that if the replacement is voluntary, the causal factors can be financial distress, failed management, ownership change, Initial Public

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Offering, company size, company growth, and others; and from the auditor's side such as audit fee, audit delay, audit tenure, audit opinion, KAP size, audit quality (Ohidoa & Okun, 2018; Huang & Kang, 2018; Wati, 2020; Ugwu, 2020; Akrawah et al, 2020). Ugwu et al (2020) provided reasons accountable for the switching of external auditors with diverse effects. Ohidoa and Okun (2018) maintained that switching of external auditors could be required by the discontent of audit opinion by the board and management of a firm and this could influence the share price of the firm receiving the audit opinion and reduce management compensation. Onatoyeh and Nwabuko (2016), also argued that auditors' opinions are anticipated not only to improve the reliability of the financial reports but also to offer value-added status to the firm.

Theoretical Review

This study is anchored on signalling theory credited to Akerlof (1970), Spence (1973) and Stiglitz (1985) that explains the behaviours regarding information asymmetry in the labour market. This theory states the relevance of information when two parties are involved. Menicucci and Paolucci (2018) argued that signalling theory is important for investigating disclosure when two parties have diverse information. The authors noted that one party must decide whether and how to signal the information and the other party must decide how to interpret the signal. Connelly, et al (2010) explains that this theory is useful in raising alarm when there is information asymmetry. Tang et al (2012) argued that the signalling theory shows the signals from corporation actions as a reflection of reputation. This theory reveals how the information asymmetry can be decreased by signalling the informed party to others. Bebchuk and Weisbach (2010), emphasize that this theory also indicates that organisations' insiders are more informed about the firm than outsiders. Scott (2014) noted that investors and other outsiders of the firm may consider the actions of managers as signals. The signals found in the actions and affairs of a company inform the kind of opinions that the participants of the company form to examine the performance and value of a company (Arowolo, 2016). Moratis (2018) maintained that signalling theory provides information that could be applied by individuals and organisations looking to form impressions about the firm, its values and its overall future direction. Connelly, et al (2010 stated that signalling theory predominantly examines the thoughtful communication of positive information in an effort to carry positive corporate qualities that epitomize indiscernible fundamental potentials and can be a powerful clarification for the conduct of companies and their sub-systems and their configurations of communication. Akrawah et al (2020) argued that signalling theory performances a signal to management teams in relation to auditor switching for greater quality financial reporting. Sun, et al (2010), maintained that the signal theory is employed to moderate the level of information asymmetry in the financial market. The Signaling theory states that firms change external auditors when they want to signal to members of the public the quality or reliability of their financial reports and they do this through the type of auditor they appoint (Asthana et al, 2019). From works of literature, methodical studies support the signalling role of auditor switching (Ugwu, 2020).

Review of Empirical Studies

Akrawah et al (2020) investigated the determinants of auditor switching behaviour of listed companies in Nigeria. The study employed an ex post facto research design. The population for the study comprised of one-hundred and fifteen (115) non-financial companies listed on the Nigerian Stock Exchange (NSE) from 2012 to 2018 and secondary data was used as the source of data collection from the published financial statements of the sampled non-financial firms.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

The study dependent variable was auditor switching while the independent variables consisted of audit delay, audit fees, audit client size, firm profitability and audit tenure. The secondary data obtained from the annual reports were analysed using binary regression techniques to test the formulated hypotheses. The binary regression results disclosed that firm profitability negatively and insignificantly influences auditor’s switching; audit tenure negatively and significantly influences auditor’s switching; audit fee positively and insignificantly affects auditor’s switching; client firm size positively and insignificantly impact auditor’s switching and audit delay positively and insignificantly influence auditor’s switching across the binary models. The study suggested amongst others that management and investors should consider the degree of firm profitability when observing auditor’s switching with the objective of improving audit quality.

Mulyadi et al (2020) carried out a study of auditors switching on manufacturing firms in Indonesia. The study employed ex post facto and correlational research designs. The population comprised of sixty-five (65) listed basic and chemical manufacturing firms in the Indonesian Stock Exchange from 2011 to 2015 while purposive sampling techniques were adopted to determine a sample size of nine (9) firms. The study employed secondary sources of data collection from the published financial statements of the sampled firms. The dependent variable was auditor switching while the independent variables consisted of changing of management, size of the firm, gaining concern opinion and financial distress. The secondary collected were analysed using logistic regression analysis. The findings from the regression analysis indicated that management change positively impacts auditor switching while company size, going concern opinion and financial distress negatively impact auditor switching,

Ogwu (2020) conducted a study of the determinants of external auditor switching behaviour of firms listed in Nigeria Stock Exchange (NSE). The study employed ex post facto and correlational research designs. The population consisted of the one hundred and eighty-six (186) listed companies and simple random sampling were used to determine a sample size of twenty (20) consumer goods manufacturing firms. The study used secondary data obtained from the published financial statements of the sample firms from 2015 to 2019. The dependent variable was audit switching while independent variables consisted of audit firm size, audit tenure and audit fees. The data obtained from the published financial reports were analysed using descriptive statistics, correlation analysis, binary Log-it, Pro-bit and extreme value regression. The study applied the cross-sectional regression and the individual statistical significance test (Z-test), statistical significance test (LR-test) and the coefficient of the determinant of (McFadden R-squared) test. The analysis disclosed that (McFadden R2) has Logit (0.158525), probit (0.151597) and Extreme value (0.147148); and has 15% as the systematic total value of the dependent variable that was explained by the independent variables of audit firm size, audit tenure and audit fees; while approximately 85% of the systematic values were not explained by the independent variables of the investigation. Additionally, the overall significance of the model specified that the LR-statistics has logit (11.43427); probit has (10.84553) and extreme value (10.35686); while the related probability LR logit (0.008742), probit (0.003087), extreme (0.012615) were established in the dependent variable. The findings of the study suggested that audit firm size positively and insignificantly determines external auditor switching; audit tenure negatively and significantly impact external auditor switching while audit fees positively and insignificantly determine external auditor switching (AUDITSW). Hence, the study suggested that listed companies should reflect on the

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

costs and risks involved in hasty external audit switching as any wrong decision could hamper the quality of the audit.

Wati (2020) conducted a study of auditor switching of listed companies in Indonesia. The study employed ex post facto and correlational research designs. The population of the study consisted of all the listed firms on the Indonesian Stock Exchange and a sample of 104 manufacturing firms from 2013 to 2017. The dependent variable was auditor switching while the independent variable comprised of KAP size, company size, audit delay, audit tenure, previous year's audit opinion, opinion shopping, financial distress, audit fee, company growth while going concern audit opinion was a mediating variable. The study employed secondary data obtained from the published financial statements of sample firms and the data obtained were analyzed using partial least square. The findings disclose that KAP size, company size, audit delay, audit tenure, financial distress negatively influence auditor switching while the previous year's audit opinion, opinion shopping, audit fee, company growth, going concern audit opinion positively impact auditor switching. Additional, studies revealed that KAP size, company size, audit delay, audit tenure, previous year's audit opinion, audit fee negatively influence going concern audit opinion. Also, opinion shopping, financial distress, company growth positively influence going concern audit opinion. The findings also reveal partial mediation of going concern audit opinion influence KAP size, company size, audit delay, audit tenure, opinion shopping, financial distress, audit fee, company growth on auditor switching.

Savitri (2019) investigated external auditor switching behaviour in LQ45 firms in Indonesia. The investigation used ex post facto and correlational research designs. The population consisted of all the listed companies in the Indonesian Stock Exchange from 2014 to 2016 and a sampled size of thirty-three firms was used for analysis. The study employed secondary sources of data collection obtained from the published financial statements of sampled firms from 2014 to 2016. The data obtained were analysed using logistic regression analysis. The regression analysis revealed that audit firm size significantly impact external auditor switching while management changes and audit opinions had no significant impact on external auditor switching of listed sampled firms in the Indonesian Stock Exchange. The study recommended that further studies should be conducted that incorporate variables such as audit fees, client financial conditions, and the level of competition as determinants of auditor switching in Indonesia.

Budisantoso, et al (2017), studied the moderating effect of audit opinion accuracy on the association between corporate governance and downward auditor switching in Indonesia, Malaysia, Singapore, Thailand and the Philippines. The study employed ex post facto and correlational research designs. The population consisted of manufacturing firms listed in the five nation’s stock exchanges. The study employed secondary sources of data collection obtained from the published financial statement of the sampled firms. The secondary data obtained from the published financial statements were analysed using the logistic regression technique. The logistic regression analysis revealed that audit committee, audit independence and financial deepening negatively influence downward auditor switching and thus affecting a high level of audit tenure. The result further revealed that the monitoring function of the audit committee has the propensity of improving the quality of audit and also minimising high auditor switching.

Kasih and Puspitasari (2017) carried out a study of audit delay, client size and audit committee replacement on external auditor switching of listed firms on Indonesia Stock Exchange from

 Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

2012 to 2015. The study utilized ex post facto and correlational research designs. The population of the study consisted of all listed firms and a sample size of 156 listed firms on the Indonesia Stock Exchange with a total of 624 observations. The study made use of secondary data collected from the published financial statement of sampled firms for the period under review and logistic regression analysis was employed for the analysis of data. The findings disclosed that client size negatively and significantly influences external auditor switching while audit delay and audit committee change positively and insignificantly impact external auditor switching. The study suggested that external auditors (audit firms) and auditors should sustain a sound level of independence to improve audit quality and timeliness of financial statements.

Khasharmeh (2015) analysed the determinants of external auditor switching of listed firms in Bahrain Bourse. The study used a cross-sectional research design and adopted primary data as the source of data collection and the questionnaire as the major instrument of data collection was tested for reliability using Cronbach's alpha to ascertain the level of the construct items. The data obtained from the questionnaire were analysed using a T-test and logistic regression analysis. The inferential statistics results disclosed that the t-test indicated significant mean differences between financial conditions of clients, audit fees, management change and qualified audit opinion with external auditor switching. The study further disclosed that the multiple logistic regression analysis revealed a negative relationship between the financial condition of the client, size of the public audit firm and management change with external auditor switching while audit fees, competition among independent audit firms and qualified audit opinion positively influences external auditor switching. The study suggested that comparative studies of external auditor switching should be conducted for different emerging capital markets.

METHODOLOGY

Research Design: This study employed ex post facto and correlational research designs. This is because ex post facto research design is a systematic empirical inquiry in which the scientist does not have direct control of independent variables because they are inherently not manipulated (Appah, 2020). Egbunike and Abiahu (2017) stated that a correlational research design is the measurement of two or more factors to determine or estimate the extent to which the values for the factors are related or change in an identifiable pattern.

Population and Sample of the Study: The population of the study is made up of forty-seven (47) insurance companies for the year 2020. The study employed a simple random sampling technique and the Taro Yamene method of sample size determination to arrive at a sample size of forty-two (42) insurance companies from 2011 to 2020.

Sources of Data Collection: The study employed secondary sources of data collected mainly from the published audited financial statements of sampled consumer goods companies in Nigeria obtained from their website for the study period to analyse the effect of the independent variables on the dependent variables.

Measurement of Variables of the Study: The study employed dependent and independent. The dependent variable consists of auditor switching while the independent variables consist

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

of audit delay, audit fees, audit tenure, audit client size and audit firm size. The variables were measured as follows:

Table 1: Measurement of Variables

Variables	Type of Variable	Symbol	Measurement	Sources
Auditor Switching	Dependent	AUS	Dummy variable, 1 if a firm which conducts the replacement of an external auditor from the previous year and otherwise 0.	Akrawah et al (2020); Heliodoro et al (2016); Nehme, et al (2015);
Audit Delay	Independent	AUD	This is measured by the company's year-end (eg December 31st until the date of auditor sign the audited financial report (measured with the number of days)	Akrawah et al (2020); Nehme, et al (2015); Sharma et al. (2017); Nehme, et al (2015); Pawitri & Yadnyana, (2015)
Audit Tenure	Independent	AUT	This is measured by a dummy. "1" if audit firm audit the company for the sampled period of 5 years otherwise "0";	Akrawah et al (2020); Qawqzeh et al (2018); Ugwu (2020);
Audit Fees	Independent	AUF	Natural logarithm from the professional fee.	Shakhatreh, et al (2020); Qawqzeh, et al (2018);
Audit Client Size	Independent	ACS	Natural logarithms of total asset	Akrawah et al (2020); Savitri (2019); Huang and Kang (2018)
Audit Firm Size	Independent	AFS	A dummy variable assigned the value of 1 when the new auditor belongs to one of the 4 major international auditing firms, and 0 in the remaining cases.	Ugwu (2020); Shakhatreh, et al (2020); Wati (2020)

Source: Desk Research 2021

Data Analysis Technique: The data collected were analyzed using univariate analysis, bivariate analysis and multiple regression analysis (Logistic regression) of panel data from 2011 to 2020 of listed insurance firms in Nigeria. According to Heliodoro et al (2016), the logistic regression technique was employed for the test of hypotheses to validate the relationship between the dependent variable and the independent variables investigated by means of the method of maximum likelihood. This technique was selected because is a better alternative to discriminate analysis. Fávero *et al.* (2009) maintain that the selection of this technique was used to describe the performance between one dummy (binary) dependent

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

ISSN: 2682-6690
Volume 5, Issue 2, 2022 (pp. 73-92)

variable and metric and/or non-metric independent variables. The following model was used to analyze the study:

$$\theta(Y_N) = \frac{e\ \alpha + \sum_{k=1}^{n} \beta_1\ x_{(N-1)}\ k + \varepsilon}{1 + e\ \ \alpha + \sum_{k=1}^{n} \beta_1\ x_{(N-1)}\ k + \varepsilon}$$

The dependent variable $\theta(Y_N)$ is auditor switch, which is given the value 1 when the existence of a replacement in external auditor is detected, and 0 in the opposite condition. The others represent the independent variables.

RESULTS AND DISCUSSIONS

Table 2: Descriptive Statistics

	AUS	AUD	AUT	AUF	ACS	AFS
Mean	7.409126	5.168173	4.19038	1.659856	2.658586	5.583583
Medium	5.552650	3.142900	2.300000	0.685700	0.602100	0.582300
Maximum	8.647800	0.864500	2222.000	0.945700	0.954200	1.504500
Minimum	0.534400	0.000000	0.076900	0.000000	0.301000	0.193600
Std Dev.	0.154619	1.840204	1.276485	1.756405	0.180794	0.137683
Skewness	1.092224	0.137683	175.6405	0.180794	0.094790	0.190131
Kurtosis	-3.266784	1.611129	12.53021	-1.671998	0.228758	1.578256
Jarque-Bera	20.41944	327.6451	158.0061	6.056065	4.683346	328.3144
Probability	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000
Sum	1185.460	26.90770	164366.1	26.90770	20.34340	93.37320
Sum Sq. Dev.	189.6795	3.014079	105.3737	3.014079	3.801210	5.747834
Observations	420	420	420	420	420	420

Source: Eview Output (2022)

Table 2 shows the descriptive statistics of the relationship between audit firm characteristics and external auditors' switching of insurance companies in Nigeria. The mean of audit switching, audit delay, audit tenure, audit fees, audit client size and audit firm size indicates 7.409126, 5.168173, 4.19038, 1.659856, 2.658586 and 5.583583. The standard deviation of the relationship between audit firm characteristics and external auditors' switching shows that audit switching, audit delay, audit tenure, audit fees, audit client size and audit firm size are 0.154619, 1.840204, 1.276485, 1.756405, 0.180794, and 0.137683.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Table 3: Correlation Matrix

	AUS	AUD	AUT	AUF	ACS	AFS
AUS	1.000000					
AUD	0.030152	1.000000				
AUT	-0.026806	-0.070504	1.000000			
AUF	-0.055176	0.026033	-0.008870	1.000000		
ACS	-0.023153	0.076173	0.044608	0.074826	1.000000	
AFS	0.012141	-0.052030	-0.081716	-0.033017	-0.328295	1.000000

Source: Eview Output (2022)

Table 3 shows the correlation matrix of the relationship between audit firm characteristics and external auditors' switching of insurance companies in Nigeria. The result revealed that the correlation between AUS and AUD, AUD, AUT, AUF, ACS and AFS are 0.030152, -0.026806, -0.055176, -0.023153 and 0.012141 respectively. The also revealed that the model is free from the multicollinearity problem as none of the coefficients is above 0.80. Similarly, the correlations between AUD and AUD, AUT, AUF, ACS and AFS are -0.070504, 0.026033, 0.076173 and -0.052030 respectively. The correlations between AUT and AUF, ACS and AFS are -0.008870, 0.044608 and -0.081716 respectively. In addition, the correlations between AUF and ACS, AFS are 0.074826, and -0.033017. Finally, the Correlation between ACS and AFS is -0.328295.

Table 4: Result on Regression Equation of AUS

Dependent Variable: AUS
Method: Panel EGLS (Cross-section random effects)
Date: 01/07/22 Time: 05:14
Sample: 2011 2020
Periods included: 10
Cross-sections included: 6
Total panel (balanced) observations: 480
Swamy and Arora estimator of component variances

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AUD	-0.118032	0.054024	-2.184806	0.0451
AUT	-2.20E-05	1.26E-05	-2.673531	0.0417
AUF	0.139014	0.087228	2.593683	0.0132
ACS	-0.019108	0.047384	-0.403261	0.6873
AFS	0.078784	0.036904	2.134830	0.0344
C	1.166653	0.124537	9.367956	0.0000

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Effects Specification		S.D.	Rho
Cross-section random		0.105703	0.7043
Idiosyncratic random		0.068492	0.2957
Weighted Statistics			
R-squared	0.703605	Mean dependent var	0.025523
Adjusted R-squared	0.647254	S.D. dependent var	0.130705
S.E. of regression	0.071852	Sum squared resid	0.758924
F-statistic	34.27463	Durbin-Watson stat	2.276505
Prob(F-statistic)	0.000000		
Unweighted Statistics			
R-squared	-0.003278	Mean dependent var	0.127146
Sum squared resid	3.813670	Durbin-Watson stat	2.198306

Source: Eview Output (2022)

Table 4 shows R^2 statistic of 0.7036805 while the adjusted R^2 statistic is 0.647254. This shows that about 70% of systematic variation in audit switching (AUS) of the listed insurance companies in Nigeria is explained by changes in audit delay, audit tenure, audit firm size audit client size and audit fees. After adjusting the degree of freedom, about 65% variation in the AUS of the listed insurance firms was explained by changes in audit delay, audit tenure, audit firm size audit client size and audit fees, leaving 35% unexplained due to the presence of stochastic error term. This explains that audit delay, audit tenure, audit firm size audit client size and audit fees impacts the AUS of listed insurance firms in Nigeria.

The F – statistic, 34.27463 with a zero-probability value showed that the model satisfies the overall goodness-of-fit statistical test. It implies that AUS measures of audit delay, audit tenure, audit firm size audit client size and audit fees were able to predict the AUS of the sampled insurance companies in Nigeria. The Durbin-Watson statistic of 2.276505 indicates that there is no serial autocorrelation in the model. It suggests that the result is decent for policy prescription. Similarly, the t-statistics and R^2 statistics are not extremely high to reveal the existence of Multicollinearity and Heteroskedasticity in the model. It further portends that the econometric model employed in this study satisfies both statistical and diagnostic criteria. It represents a good and consistent estimator, and hence useful for the policy direction of the firms in Nigeria.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 5, Issue 2, 2022 (pp. 73-92)
www.abjournals.org

The individual coefficients show different levels of significance, giving rise to acceptance and rejection of each and every related hypothesis. The result shows that audit delay negatively (-2.18466) and significantly (0.0417 < 0.05) affect audit switching of listed insurance companies in Nigeria; audit tenure negatively (-2.673531) and significantly (0.0451 < 0.05) impact on audit switching of listed insurance companies in Nigeria; audit fee positively (2.593683) and significantly (0.0132 < 0.05) impact on audit switching of listed insurance companies in Nigeria; audit client size negatively (-0.403261) and insignificantly (0.6872 > 0.05) impact on audit switching of listed insurance companies in Nigeria; audit firm size positively (2.134830) and significantly (0.0344 < 0.05) influence audit switching of listed insurance companies in Nigeria.

DISCUSSION OF FINDINGS

Hypothesis one revealed a negative and significant association between audit delay and audit switching of listed insurance companies in Nigeria. This result is consistent with the findings of Dong et al. (2018) that audit delay negatively and significantly impact auditor switching using 103,482 firms' sample of Compustat. However, the result disagrees with the findings of Sharma et al. (2017) that audit delay positively and significantly affect audit switching of listed firms in the US. Also, the result concurs with the study of Akrawah et al (2020) that audit delay positively and insignificantly influence external auditor switching of listed companies in Nigeria.

The second hypothesis indicated a negative and significant relationship between audit tenure and audit switching of listed insurance companies in Nigeria. The finding of this study concurs with the study conducted by Dhaliwal et al. (2015) that audit tenure negatively and significantly impact external auditor switching. Also, the result is consistent with the findings of Ugwo (2020) that audit tenure negatively and significantly impact external auditor switching of listed insurance firms in Nigeria. However, the result of this study negates the findings of Akrawah et al (2020) that audit tenure negatively and significantly affect external audit switching.

The third hypothesis revealed a positive and significant association between audit fees and audit witching of listed insurance companies in Nigeria. This result corresponds with the findings of Sharma et al. (2017) that audit fees positively and significantly affect external auditor switching. Also, Akrawah et al (2020), Ugwo (2020) found a positive and insignificant association between audit fees and auditor switching of listed firms in Nigeria. Similarly, Khasharmeh (2015) found a positive and significant association between audit fees and auditor switching.

Hypothesis four suggested a negative and insignificant association between audit client size and external auditor switching of listed insurance companies in Nigeria. The finding of this study corresponds with the result of Brown and Knechel (2016) that audit client size negatively and significantly influence external auditor switching. However, the finding negates the study of Huang and Kang (2018) that client company size positively impacts external auditor switching. Also, Akrawah et al (2020) study of listed firms in Nigeria found a positive and insignificant association between client firm size and external auditor's switching.

The last hypothesis showed a positive and significant relationship between audit firm size and external auditor switching of listed insurance companies in Nigeria. This result concurs with

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 5, Issue 2, 2022 (pp. 73-92)
www.abjournals.org

the study conducted by Ugwu (2020) that audit firm size positively and significantly impact external auditor switching in Nigeria. Also, Elder et al. (2015) found a positive and significant association between audit firm size and auditor switching. However, the result disagrees with the study of Wati (2020) in Indonesia that audit firm size negatively affects external auditor switching. Aroh et al. (2016), Mulyadi et al (2020) also found a negative and significant relationship between audit firm size and auditor switching.

SUMMARY, CONCLUSION, RECOMMENDATIONS AND IMPLICATION OF THE STUDY

This study investigated the nexus between audit firm characteristics and external auditor switching of listed insurance companies in Nigeria. The study reviewed extant works of literature on audit switching and anchored the study on signalling theory advanced by Akerlof (1970), Spence (1973) and Stiglitz (1985) that describes the behaviours regarding information asymmetry. The study employed ex post facto and correlational research designs and the population consisted of forty-seven (47) insurance companies. The Taro Yamene formula was used to derive a sample size of forty-two (42) companies for data analysis. The data obtained from the sampled companies' annual reports were analysed using univariate, bivariate and multivariate methods of data analysis. The panel multiple regression analysis disclosed that audit delay negatively and significantly impacts audit switching of listed insurance companies in Nigeria; audit tenure negatively and significantly impacts audit switching of listed insurance companies in Nigeria; audit fees positively and significantly impact on audit switching of listed insurance companies in Nigeria; audit client size negatively and insignificantly impact on audit switching of listed insurance companies in Nigeria; audit firm size positively and significantly influence external auditor switching of listed insurance firms in Nigeria. The study concluded that audit firm characteristics influence the level of external auditor switching of listed insurance companies in Nigeria. Hence, the study made the following recommendations:

1. Companies should consider the costs and risks associated with sudden auditor replacement due to audit delay, audit tenure, audit fees, audit client size and audit firm size.
2. Companies should conduct a proper evaluation of audit tenure, audit fees and audit delays before the selection and engagement of auditors because each wrong decision would affect audit quality.
3. The accounting regulatory bodies should ensure that audit switching is done appropriately without extraneous issues by companies.
4. The study also recommends that further studies should be conducted on auditor switching by extending the scope to all listed companies in Nigeria.

This investigation is anticipated to have implications in improving research on the relevance of external auditor switching because of the decision of the firm in defining independent audit firm services. Also, this research is anticipated to make a constructive influence to supporting accounting and audit standards including government guidelines that afford elasticity for firms to submit a financial report to the public founded on external auditor’s recommendations.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Firms that desire to replace external auditors should reflect more on the decision due to the fact that audit reports given by audit firms about the true and fairness of corporate financial reports will determine the firm's survival because it is very linked to stakeholders. Another implication of this study is the desire to enrich Nigerian literature on issues that influence external auditor switching and advance future investigations.

REFERENCES

Akerlof, G. (1970). The market for "lemons": Quality uncertainty and the market mechanism. *Quarterly Journal of Economics*, 84, 488–500.

Akrawah, D. O., Anichebe, A.S. & Okunrobo, S.O. (2020). Determinants of auditor switching behaviour in Nigeria. *Global Journal of Accounting and Economy Research*, *1(2)*, 119-144.

Akrawah, O.D. & Akhor, O.S. (2016). Corporate governance and audit fee in Nigeria: Evidence from Quoted Companies. *Quarterly Journal of Contemporary Research (A Publication of the Federal University Otuoke)*, *4*(1), 8-19.

Andreas, E.S. (2019). Auditor switching behaviour in LQ45 companies in Indonesia. *International Journal of Scientific and Technology Research*, *8(5)*, 53 – 57.

Appah, E. (2020). *Research methodology: Integration of principles, methods and techniques,* Ezevin Printing and Publishing.

Aroh, J. C., Odum, A.N. & Odum, C.G. (2017), Determinants of auditor switch: evidence from quoted companies in Nigeria. *International Journal of Management Research and Business Strategy*, *6(4)*, 1-16.

Arowolo, R.O (2016). The Mediating Effects of the Quality-differentiated Auditors on the Relationship between Organizational Attributes and Monitoring Mechanisms (Doctoral Dissertation, Universiti Utara Malaysia).

Asthana S., Khurana, 1. & Raman, K.K. (2019). Fee competition among Big 4 auditors and audit quality. *Review of Quantitative Finance and Accounting, Springer,* 52 (2), 403-438.

Bebchuk, L. A., & Weisbach, M. S. (2010). The State of Corporate Governance Research. *Review of Financial Studies*, *23*(3), 939–961.

Binti, S.J., Zaki, B., & Bambang, H. (2016). Determinant of auditors' turnover intention from public accounting firm. *Imperial Journal of Interdisciplinary Research (IJIR)*, 2 (2), 537-547.

Brown, S. V. & Knechel, W.R. (2016). Auditor–client compatibility and audit firm selection. *Journal of Accounting Research*, 54(3), 725-775.

Budisantoso, T., Rahmawati, Bandi, & Probohudono, A.N (2017). Audit opinion accuracy, corporate governance and downward auditor switching: A study of Association of Southeast Asian Nations economics community. *International Journal of Economics and Financial Issues*, *7 (5)*, 530-540.

Carp, M. & Istrate, C. (2021). Audit quality under influences of audit firm and auditee characteristics: Evidence from the Romanian regulated market. *Sustainability*, 13, 6924. http://doi.org/10.3390/su13126924

Choi, J, Lim, H., & Mali, D. (2017). Mandatory audit firm rotation and big4 effect on audit quality: Evidence from South Korea. *Asian Academy of Management Journal of Accounting and Finance, 13* (1), 1- 40.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Connelly, B. L., Certo, S. T., Ireland, R. D., & Reutzel, C. R. (2010). Signalling Theory: A Review and Assessment. *Journal of Management*, *37*(1), 39–67. doi:10.1177/0149206310388419

Defond, M. L., Francis, J.R. & Nicholas J. Hallman. (2018). Awareness of SEC enforcement and auditor reporting decisions. *Contemporary Accounting Research, 35(1),* 277-313.

Dhaliwal, D. S., Lamoreaux, P.T., Lennox, C.S. & Mauler, L.M. (2014). Management influence on auditor selection and subsequent impairments of auditor independence during the post-SOX period", *Contemporary Accounting Research, 32(2),* 575-607.

Dong, B., Robinson, D. & Xu, L. (2018). Auditor-client geographic proximity and audit report timeliness. *Advances in Accounting, 40*, 11-19.

Enofe, O.A, Mgbame, O. C., & Abadua, S.H. (2013). Audit firm rotation and audit report lag in Nigeria. *IOSR Journal of Business and Management (IOSR-JBM),* 12 (4), 13-19.

Heliodoro, P., Lopes, M.M., Pinho, C.S. & Ramos, R. (2016). The impact of audit reports on auditor change: Verification of the determining factors for auditor change in the Portuguese Context. *International Journal of Business and Social Science,* 7(10), 1 – 13.

Huang, X. & Kang, F. (2018). Company reputation and auditor choice: evidence from fortune 1000 companies. *Accounting Research Journal, 1(2),* 232-248.

Imegi, J.C., & Oladutire, E.O. (2018). Mandatory auditor rotation and audit quality in the Nigerian financial sector. *European Journal of Accounting, Auditing and Finance Research,* 6(1), 67-75.

Kasih, M., & Puspitasari, E. (2017). Auditor switching's factors: The analysis on audit delay, client size, and audit committee changes. *Parahyangan International 3rd Accounting and Business Conference, 589-607.*

Khasharmeh, H. A. (2015). Determinants of auditor switching in Bahrain's listed companies - an empirical study. *European Journal of Accounting, Auditing, and Finance Research, 3(1),* 73-99.

Menicucci, E. & Paolucci, G. (2018). Forward-looking information in integrated reporting: A theoretical framework. *African Journal of Business Management, 12(8),* 555 – 567.

Mo, P. L.L., Rui, O. M. & Wu, X. (2015). Auditors' going concern reporting in the pre-and post-bankruptcy law eras: Chinese affiliates of big 4 versus local auditors. *The International Journal of Accounting, 50,* 1-30.

Moctezuma, J.A.T. & Benau, M.A.G. (2018). The change of the auditor towards the big four auditing firms in Mexico. *Advances in Social Sciences Research Journal,* 5(2), 409 – 434.

Moratis, L. (2018). Signalling responsibility? Applying signalling theory to the ISO 26000 standard for social responsibility. *Sustainability*, 10, 4172; doi:3390/su10114172

Mulyadi, A.E., Hakim, M.Z., Zulaecha, H.E. & Rachmania, D. (2020). Auditor switching on the basic industry and chemical sectors in Indonesia: Whether influenced management change, company size, going concern opinion and financial distress. *Journal of Economics and Sustainable Development, 11(2),* 127 – 135.

Nazri, S.N., Smith, M., & Ismail, Z. (2012). Factors influencing auditor change: Evidence from Malaysia. *Asian Review of Accounting, 20* (3), 222 - 240.

Nehme, R., Assaker, G., & Khalife, R. (2015). Dynamics of audit lag - board of directors and audit committees' effect. *Corporate Ownership and Control*, 281-294.

Ohidoa, T., & Okun, O.O. (2018). Firms attributes and audit fees in Nigeria Quoted firms. *International Journal of Academic Research in Business and Social Sciences, 8* (3), 685–699.

 Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

Onatoyeh, A.E. & Nwabuko, O.B (2016). Audit firm characteristics and litigation risk in Nigeria *International Journal of Finance and Management in Practice,* 4 (1), 25-36.

Pawitri, N. M., & Yadnyana, K. (2015). Pengaruh audit delay, opini audit, reputasi auditor dan pergantian manajemen pada voluntary auditor switching. *E-jurnal Akuntansi Universitas Udayana,* 214-228.

Qawqzeh, H. K., Endut, W. A., Rashid, N., Johari, R. J., Hamid, N. A., & Rasit, Z. A. (2018). Auditor tenure, audit firm rotation and audit quality in Malaysia: A literature review. *International Journal of Academic Research in Business and Social Sciences, 8* (12), 1314–1324.

Savitri, A.N. (2019). Auditor switching behaviour In LQ45 companies in Indonesia *International Journal of Scientific and Technology Research, 8* (5), 53-57.

Shakhatreh, M.Z., Alsmadi, S.A. & Alkhataybeh, A. (2020). The effect of audit fees on disclosure quality in Jordan. *Cogent Business and Management,* 7(1), 1771076.

Sharma, D. S., Tanyi, P. N. & Litt, B.A. (2017). Costs of mandatory periodic audit partner rotation: evidence from audit fees and audit timeliness. *A Journal of Practice & Theory,* 36(1), 129-149.

Shiyi, F. & Jeyaraji, S.S. (2017). Relation between audit risk and audit fees – evidence from listed firms in the US. *European Journal of Accounting, Auditing and Finance Research,* 5(5), 78 – 110.

Spence, M. (1973). Job market signalling. *Quarterly Journal of Economics*, 87, 355-374.

Sun, N., Salama, A., & Hussainey, K. (2010). Corporate environmental disclosure, corporate governance and earnings management. *Managerial Auditing Journal*, *25*, 679–700.

Swanson, Z., & Zhang, Y. (2018). Do covenant violations affect audit report timeliness?. *International Journal of Accounting, Auditing and Performance Evaluation*, *14*(1), 1-23.

Tang, A. K., Lai, K. H., & Cheng, T. C. E. (2012). Environmental governance of enterprises and their economic upshot through corporate reputation and customer satisfaction. *Business Strategy and the environment*, *21*(6), 401-411.

Ugwu, I.V. (2020). Determinants of auditor's switching behaviour of firms in Nigeria. *IAA Journal of Social Sciences,* 6(1), 63 – 77.

Wati, Y. (2020). Auditor switching: A new evidence from Indonesia. *The Indonesian Journal of Accounting Research,* 23(1), 87 – 126.

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL

African Journal of Accounting and Financial Research
ISSN: 2682-6690
Volume 5, Issue 2, 2022 (pp. 73-92)
www.abjournals.org

APPENDIX: POPULATION OF THE STUDY

S/N	NAME OF INSURANCE COMPANY
1.	African Alliance Insurance Company Limited
2.	Allco Insurance Plc
3.	Alliance and General Insurance Limited
4.	Anchor Insurance Company Limited
5.	Capital Express Insurance Company Limited
6.	Consolidated Hallmark Insurance Plc
7.	Continental Reinsurance Plc
8.	Cornerstone Insurance Plc
9.	Crusader Insurance Plc
10.	Custodian and Allied Insurance Plc
11.	Equity Indemnity Insurance Plc
12.	Equity Life Insurance Company Limited
13.	Fortune Assurance Company Limited
14.	Goldlink Insurance Company Limited
15.	Great Nigeria Insurance Limited
16.	Guaranty Trust Assurance Plc
17.	Guardian Express Assurance Limited
18.	Guaranty Trust Insurance Company Limited
19.	Guinea Insurance Plc
20.	Industrial and General Insurance Plc
21.	Intercontinental WAPIC Insurance Plc
22.	International Energy Insurance Company Limited
23.	Investment and Allied Assurance Company Limited
24.	Kapital Insurance Company Limited
25.	Lasaco Assurance Plc
26.	Law Union and Rock Insurance Plc
27.	Leadway Assurance Company Limited
28.	Linkage Assurance Plc
29.	Mutual Benefit Assurance Plc
30.	Non-Life Insurance Plc
31.	Niger Insurance Plc
32.	Nigerian Agricultural Insurance Company
33,	Oasis Insurance Plc
34.	Prestige Assurance Plc
35.	Regency Alliance Insurance Plc
36.	Royal Exchange Assurance Nigeria Plc
37.	Sovereign Trust Insurance Plc
38.	Standard Life Assurance Plc
39.	Standard Trust Assurance Plc
40.	Sterling Assurance Nigeria Plc
41.	UNIC Insurance
42	Union Assurance Company Limited
43.	UBA Metropolitan Life Insurance Company Plc
44.	Unitrust Insurance Company Limited
45.	Universal Insurance Company Limited
46.	Yankari Insurance Company Limited
47.	Zenith General Insurance Company Limited

Article DOI: 10.52589/AJAFR-KWBB3FRL
DOI URL: https://doi.org/10.52589/AJAFR-KWBB3FRL