JETMASE
Journal of Emerging Trends in Management Sciences and Entrepreneurship
Volume 6(1), Pages 42-60, June 2024
ISSN: 2384-762X
https://www.jetmase.com

Effect of Auditors' Independence on Corporate Survival of Listed Deposit Money Banks in Nigeria

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ABSTRACT: The study examined the effect of auditors' independence on corporate survival: evidence from listed deposit money banks in Nigeria. Auditors' independence was proxy using audit tenure (AUDT) and audit fees (AUDF) while corporate survival was measured using net assets per share (NAPS). The ex-post facto research design was adopted and the data for the study was collected from the annual reports and accounts of the 14 listed deposit money banks on Nigeria Exchange Group (NGX) as of Dec. 31st, 2022, from 2015 through 2022. Panel Least squares model was used in the data analysis and the results of the study show a significant and positive association between audit fees (AUDF) and corporate survival (NAPS) at a 1-5% significant level. Audit tenure (AUDT) on the other hand was found to have a negative and significant effect on corporate survival at a 1% significant level. The study recommends among others that, paying a sufficient audit fee will incentivize the auditor to complete the assurance engagement assignment in accordance with the high level of standardization required.

Keywords: Auditors Independence, Audit Tenure, Audit Fees, Net Assets Per Share

INTRODUCTION

In order to ensure the quality and standards of reports prepared by management, which is essential to the survival of the company, external auditors play a crucial monitoring function. Agency costs between managers and outside parties can be decreased with the aid of external audit. But without faith in the independence of the auditors, it is impossible to expect these outside parties to believe the financial information that is given (Modum, et al, 2013). The ability of

the external auditor to perform their auditing duties with honesty and objectivity is referred to as audit independence (Akpom & Dimkpah, 2013). Because investors have a psychological attachment to their function as auditors, auditor independence is essential to the accuracy of financial accounts and investor confidence. This is crucial for regulatory agencies, as are the public's expectations of the audit job. It is independence (objectivity) that determines an audit's worth.

Within the auditing profession, independence is a fundamental concern. Confirmation of the significance of audit credibility was provided by corporate collapses such as Enron. According to Nzewi and Ifeanyi (2020), one of the main reasons why traditionally strong Nigerian companies have failed is because auditor independence, which affects audit quality. Nigerian banks have failed throughout the years with no warning. The outcome was significant financial losses for institutional and corporate investors. The idea of auditor independence, according to Njoku (2023), suggests that professionals carry out their duties impartially and free from intimidation or fear of retribution.

The ability of an auditor to express an objective, fair judgment regarding financial reporting is regarded as auditor independence. Furthermore, it's thought to be the auditor's capacity to handle any demands that can have an impact on the reporting's quality (Muhammad, et al, 2020). The list of financial scandals involving Nigerian banks, as reported by Akintoye (2019), includes the following: Afribank (2006) N6.9 billions, Oceanic Bank (2010) N150 billions, Bank PHB (2011) N25.7 billions, Access Bank (2011) $19 million or N6.84 billions, Intercontinental Bank (2012) N400 billions, and Skye Bank (2018) N126 billions.

Yisa et al. (2020) further pointed out that on September 24, 2018, the Central Bank of Nigeria (CBN) intervened on behalf of the federal government of the federation and converted Skye Bank Plc into Polaris Bank Plc, saving the depositors' money. Investors are still remembering the collapse of Oceanic Bank Plc, Bank PHB Plc, Intercontinental Banks Plc, Mainstream

Bank Plc, Savannah Bank Plc, and Enterprise Bank. 2019 saw the merger of Access Bank Plc and Diamond Bank Plc into a single corporate organization. Investors perceived the action as an acquisition decision by Access Bank Plc management, despite the public being informed otherwise.

Nonetheless, familiarity resulting from a long-standing client-audit firm relationship is one of the challenges to auditor independence (Zayol, et al., 2017). The magnitude of the audit fee, which is the main element that can discourage auditor independence in Nigeria, is one of the other risks. Auditor independence is also negatively impacted by self-interest, self-evaluation, advocacy, intimidation tactics, and the volume of jointly provided audit and non-audit services. Due to these challenges to the audit independence assumption, the accounting community is now looking at ways to increase the audit reports' credibility.

Since the accounting profession is under constant pressure from the media, stakeholders, and investors to reduce company failures, it has thus looked at novel methods to increase the credibility of audits (Siriyama & Tori, 2018). Again, as stated in the International Standard on Auditing (ISA) No. 200 (objective and general principles of audit), "in the conduct of any audit of financial statements, auditors should comply with the ethical guidance issued by their relevant professional bodies" to ensure the independence of mind and appearance.

These moral guidelines set forth the obligations of auditors and direct both their audit and non-audit work. In light of this, the study investigated how the corporate survival of Nigerian listed deposit money banks was impacted by the independence of their auditors. The study used audit fees and audit tenure as a stand-in for auditor independence in determining the business viability of Nigerian listed deposit money banks.

LITERATURE REVIEW

Audit Tenure

The duration of the auditor-client relationship is considered the audit tenure, according to Okolie (2014). He clarified that an extended relationship between the auditor and his client might potentially jeopardize the auditor's independence because of the potential for a familiarity and personality to emerge between the parties, which could result in the auditor becoming less vigilant. In addition to this risk to independence, the audit engagement can eventually become regular, in which case the auditor will put in less effort to pinpoint risk sources and internal control flaws. The duration of an auditor's work for a customer is known as the audit firm's tenure.

After maintaining client contacts for an extended period of time, there is an increased danger of losing independence. However, other people think that being in a committed and long-lasting relationship will increase one's independence. (Cular et al. 2020; Nzewi & Ifeanyi, 2020). The researcher found that the frequency with which they re-appoint audit firms has a detrimental effect on auditor independence.

According to Ikharo (2015), auditors with longer tenure may have a better understanding of their clients' businesses, which may enhance their ability to spot fraud. As a result, there would be less chance of the management engaging in fraud or other irregularities. Long-term retained auditors typically build stronger bonds and, as a result, greater knowledge with their customers.

H01: *The corporate survival of listed deposit money banks in Nigeria is unaffected by the audit tenure.*

Audit Fees

The sum that an accountant charges a client to perform particular services is known as an audit fee. Researchers have frequently questioned whether fees have an impact on audit quality, even if they may vary depending on the size of the organization or the type of service rendered (Nzewi &

Ifeanyi, 2020). He and Chen (2021) owe an excessive amount—25 percent and higher—and are unnecessarily reliant on the full fees of a single client. This includes recurring one-time jobs. A firm's independence is thought to be impacted or compromised if its percentage or fraction of total audit fees exceeds 25%. This is regarded as excessive. The audit price may differ based on the degree of expertise needed, the complexity of the services, the risk associated with the assignment, the public accountant firm's cost structure, and other professional factors (Rahmina & Agoes, 2014). Research has indicated that larger firms typically impose more fees on the grounds that they might offer audits of higher caliber. The lack of idea detail makes audit quality difficult to quantify and explain. Rahmina and Agoes (2014) state that in order for a company to satisfy quality control standards, it needs to incorporate nine components. According to the Nigerian chartered accountants' professional code of conduct, audit fees from a single client cannot exceed 25% of the total audit revenue. Abu-Bakar and Ahmad (2019) analyzed literature and came to the conclusion that companies who owe a significant portion of their audit costs to a single customer typically worry about losing that client, which puts their independence at danger. H02: In Nigeria, the corporate survival of listed deposit money banks is not significantly impacted by audit fees.

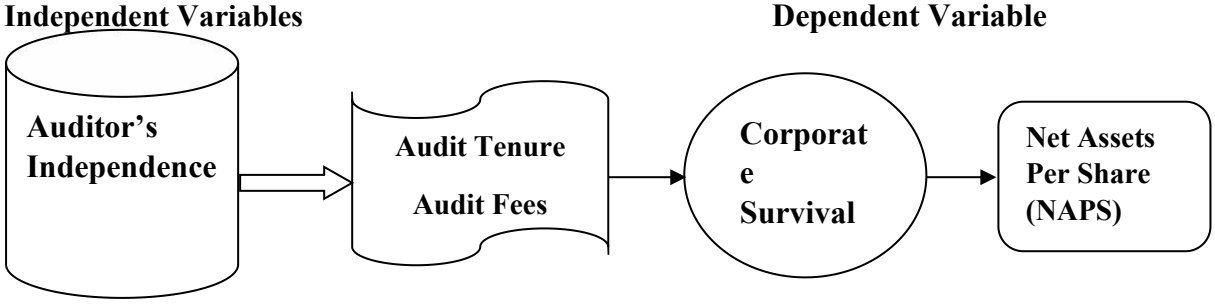
Corporate Survival

There are several meanings associated with the term "survival," both objective and subjective. Measuring an organization's survival objectively can be best achieved by tracking its ongoing existence. According to Jerry (2014), an organization exists as long as it obtains inputs from suppliers and produces goods for a certain public, such as consumers, clients, patients, etc. When coalitions of resource providers are unable to be persuaded to contribute resources and the company is unable to compensate resource providers for prior support, the organization fails. Stated differently, corporate survival can be defined as an

organization's continued existence without failure. Nwaobia et al. (2019) assert that a variety of factors have a role in an entity's survival and continued existence. These include the entity's profitability, solvency, stability, and liquidity in addition to quality management. These elements are crucial to a business's ability to survive since a firm cannot last long if it cannot produce adequate cash flows from its operations to cover its operating expenses and its long-term commitments. Net Assets Per Share (NAPS) was suggested for this investigation.

This is expressed as Net Assets / Paid Capital, or NAPS. This has a mathematical expression of NAPS = $\frac{\text{Net Assets}}{\text{Paid up Capital}}$

Figure 1: The Diagram of Conceptual Model



Theoretical Framework

This study is theoretically grounded in the "Audit quality theory."

Audit Quality Theory

In 2004, Watkins, Hillison, and Morecroft proposed this theory. According to this theory, the terms "auditing terms" and "audit quality perception" are used interchangeably to maintain the differences between these notions. "Monitoring strength" and "reputation" were used by Watkins et al. (2004) to indicate the actual and perceived auditing quality. While an auditor's reputation can impact or affect credibility noticed or seen by stakeholders about any auditors, monitoring strength helps influence and sustain the quality of details in

financial reports. A particular aspect of audit quality, such as the auditor's independence and competency level, is used to evaluate the auditors' monitoring ability. Audit reputation is defined as the same degree of independence and competence of auditors as determined by the audit quality aspect based on the market's perspective.

The reputations of auditors are contingent upon, or derived from, user beliefs, making them challenging to quantify. According to Watkins et al. (2004), the framework of audit quality and independence illustrates or captures potential connections between audit quality's constituent parts and products, as well as their effects on a company's ability to survive and the information present in financial statements.

Both the quality and the believability of the details are products of audit independence that are impacted by audit quality components. Audit Quality Theory serves as the study's foundation as a result.

Empirical Review

The impact of auditor independence on audit quality in Nigerian deposit money banks was examined by Nzewi and Ifeanyi (2020). The study's specific goal was to determine how audit tenure and audit fees affected the quality of audits performed by deposit money banks in Nigeria. The study used an ex-post facto research design. The investigation used samples from each of the quoted deposit money banks. The accounts and annual reports of the selected banks were the sources of the data. With the help of SPSS version 20.0, simple regression analysis was performed to test the proposed hypotheses. Based on the data, the study concluded that the audit quality of listed Nigerian deposit money banks is impacted by the independence of the audit committee. Additionally, audit costs have impacted the cited Nigerian deposit money banks' audit quality, which has an impact on performance.

The potential links between audit independence and the caliber of auditing in Nigeria were brought to light by Bassey et

al. (2020). The main focus of the objectives was to evaluate the potential impact of audit worker rotation, audit cost, and audit tenure on the audit quality in Nigeria. The research design used in this study was ex-post facto, and it was based on data obtained from the annual reports of the chosen company for the years 2010 through 2019. The houseman test was equally used in selecting the optimum model for estimating parameters contained in the model as well as in the panel least square process based on fixed and random effect framework used in the research. The results of research studies showed that audit worker rotation had a negative and insignificant impact on audit quality in these particular Nigerian-based banks, and that audit cost had a negative and significant impact on audit quality in these particular Nigerian-based banks. Finally, the study found that, in these particular Nigerian banks, audit tenure had a negative and negligible impact on audit quality.

Ibrahim et al.'s 2019 study attempted to investigate the impact of audit committee independence (ACI) on Kenyan insurance companies' financial results. Data from the 55 insurance companies in Kenya that hold licenses from the Insurance Regularity Authority (IRA) were examined in this study. The number of independent directors on the boards of Kenyan insurance companies operationalized ACI. Using a questionnaire instrument, primary data was gathered from a sample of 412 board directors, CEOs, CFOs, members of the Audit Committee (AUDIND), and Internal Auditors (INAUD); secondary data was taken from the 2017 audited financial reports. Descriptive and inferential statistics were used to analyze the data. Return on Equity (ROE) and Return on Assets (ROA), two accounting-based metrics, were used to gauge the performance of the company. Regression analysis results show that audit committee independence has a large and beneficial impact on Kenyan insurance companies' financial performance.

Elewa and El-Haddad (2019) redirected their research to examine the impact of audit

quality on the firm performance of non-financial companies included in the Canadian EGX 100. Using panel data analysis on generated data, the study's population and sample comprised thirty enterprises during a five-year period, from 2007 to 2017. Both auditor independence (as determined by auditor rotation) and auditor experience (as determined by Big-4) were independent variables. Both ROA and ROE were dependent variables. The random effect model test findings show that ROA and ROE are not significantly impacted by rotation or Big-4.

The impact of audit quality on the financial performance of Nigerian deposit money banks was examined by Ezejiofor and Erhirhie (2018). The study used an ex post facto research design, and the quoted Nigerian deposit money bankss' annual reports and accounts provided the data for the analysis. To test the proposed hypotheses, regression analysis and coefficient correlation were used. The results showed a substantial relationship between the financial performance of Nigerian deposit money banks and the quality of the audits.

Using empirical research, Aliu et al. (2018) investigated the impact of auditor independence on the audit quality of Nigerian listed oil and gas businesses during a ten-year period (from 2007 to 2016). Thirteen (14) businesses listed on the Nigeria Stock Exchange's downstream sector make up the sample size, of which nine (9) were chosen through the use of a purposive sampling technique. The audited yearly financial statements of the selected companies served as the source of secondary data for the study. Using binary logit regression, correlation matrices, and descriptive statistics, the panel data were examined. According to the data, there is a substantial positive correlation between an auditor's independence and audit quality, although there was a positive and negative correlation between audit quality and the control variables, firm size and leverage.

Studies on auditor independence were evaluated by Siriyama and Tori (2018). More precisely, to determine whether auditor independence will be jeopardized by factors such as the size of the audit firm, the amount of audit fees, the auditor's length of service with the client, rivalry between companies, and the availability of non-audit services. The study's Analysis of Variance (ANOVA) results indicate that the primary predictor of auditor independence was unclear; yet, other researchers prioritized the factors according to the hypothesis they decided to investigate. It demonstrates that when determining how trustworthy and believable financial statements are to investors, independence is still a problem.

In order to ascertain the impact of auditor independence on audit quality, Zayol et al. (2017) examined the literature on the subjects. The study design used is ex-post-facto. Secondary sources such as textbooks, journals, and other online resources provided information for the study. Findings from the regression model review indicate a substantial correlation between auditor independence and audit quality. Four other concerns to auditor independence were identified by the review: the importance of the client, non-audit services (NAS), audit tenure, and the customer's affiliation with CPA firms.

METHODOLOGY

An ex-post facto research design is used in this study. This was chosen because our data is pre existing secondary data that is uncontrollable and unmanageable. The 14 listed deposit money banks on the Nigerian exchange group as of the 2022 business list, which covers 2015–2022, with 112 observations, make up the study's population. The following are a few of them: First Bank Plc, Fidelity Bank Plc, Guaranty Trust Holding Company Plc, Jaiz Bank Plc, Stanbic IBTC Holdings Plc, Sterling Bank Plc, FCMB Group Plc, Union Bank Nigeria Plc, United Bank for Africa Plc, Unity Bank Plc, Wema Bank Plc, and Zenith Bank Plc. Access Holdings Plc is one of them. The NGX factbook, the annual reports and

accounts of the deposit money banks, and other secondary sources provided the data used in this study.

In this study, panel least squares regression analysis is the method used for data analysis. Using Net Assets Per Share (NAPS) as a proxy for corporate survival, the study employed this methodology to determine the impact of the auditor's independence. The e-view 12 statistical tool was utilized to evaluate the data, and following the necessary tests, the results were employed to assess the study's hypotheses. Different robustness tests, including the Normality Test (NT), Correlation Matrix (CM), and Variance Inflation Factor (VIF) tests. While CM assesses the autocorrelation of the regressors, VIF checks multi-colinearity, and NT determines whether the residuals are normally distributed or depart from a normal distribution of the data.

Operationalization of Variables

Dependent Variable

Corporate survival, which was quantified using Net Assets Per Share as a proxy, is the dependent variable in this study. According to Nwaobia et al. (2019), Nahiba (2017), Abd. Hamid et al. (2017), and other works, this is in line.

Independent Variables

According to Bassey et al. (2020), auditor independence was proxied by audit tenure (AUDT), but Nzewi and Ifeanyi (2020) used audit fees (AUDF).

Model Specification

According to earlier research, the investigator adjusted and changed the Nzewi and Ifeanyi (2020) Model as follows: AUDQTY = β0 + β1AUDFEE + β2AUDTNE + μ

The following is the claimed model for this study:

$$NAPS_t = f(AUDT, AUDF) \text{----------1}$$

$$NAPS_{it} = \beta_0 + \beta_1 AUDT_{it} + \beta_2 AUDF_{it} + \mu_{it} \text{----------Eqn 1}$$

Where: NAPS = Net Assets Per Share, AUDT = Audit Tenure, AUDF = Audit Fees, μ = Stochastic Term, $\beta_1 - \beta_2$ = Coefficient of the regression equation, β_0 = Constant coefficient (intercept) of the model.

Result and Discussion

Table 1: Descriptive Statistics

	NAPS	AUDIT	AUDI
Mean	7.777946	0.276786	5.150179
Median	3.360000	0.000000	5.265000
Maximum	32.10000	1.000000	5.960000
Minimum	-0.020000	0.000000	4.070000
Std. Dev.	9.279932	0.449420	0.486460
Skewness	1.065602	0.997807	0.480609
Kurtosis	2.849143	1.995619	2.190967
Jarque-Bera	3.130234	2.329254	2.866216
Probability	0.240000	0.989381	0.251450
Sum	871.1300	31.00000	576.8200
Sum Sq. Dev.	9559.002	22.41964	26.26740
Observations	112	112	112

Note: *1%, **5% Level of Significance.

The aforementioned Table 1 displays the mean, standard deviation, maximum and minimum values, and Jarque-Bera Statistics (Normality Test). The findings shed some light on the characteristics of the Nigerian quoted deposit money banks that were used in this investigation. First, it can be shown that the sampled banks had an average positive net asset per share (NAPS) value of 7.777946 throughout the course of eight years (2015–2022). This suggests that the independence of auditors influences banks' ability to survive by 7.8%. Additionally, the distribution is platykurtic because there aren't many outliers, as indicated by the kurtosis (2.85) being smaller than 3. Given that the Jarque-Bera probability of 0.24 is larger than 0.05, the distribution of net assets per share (NAPS) is approximately normal.

For the banks included in the study, the average audit tenure (AUDT) was 0.276786. Accordingly, banks that have a corporate survival rate of 0.276786 or below are considered sustainable. Therefore, one may argue that the longevity of auditors in the banking sector dictates the viability of the institutions. Shorter audit tenures are also essential because they ensure independence and enhance audit quality, both of which are vital for a company's existence.

The sampled banks' average audit fees (AUDF) came to 5.150179. Accordingly, banks that have AUDF values more than 5.150179 are considered to have a corporate survival. This suggests that paying a sufficient audit fee incentivizes the auditor to complete the assurance engagement assignment in accordance with the high level of expected uniformity. 5.960000 was the study's maximum value, and 4.070000 was its lowest. The need for this study is justified by the large differences in the tested banks' maximum and lowest AUDF values, as we believe that banks with higher AUDF values have a higher risk of corporate survival (0.49%) than banks with lower AUDF values.

Table 2: Correlation Matrix

Variables	NAPS	AUDIT	AUDI
NAPS	1.000000		
AUDT	-0.071406	1.000000	
AUDF	0.125425	0.004717	1.000000

Source: E-View 12 Computational Results (2024)

The link between each pair of independent and dependent variables utilized in the regression model is displayed in Table 2 above. It demonstrates that while some of these elements of auditor independence have a negative association with one another, all of the independent variables—apart from audit tenure—have a positive correlation with the dependent variable (NAPS). This implies that the survival of banks is determined by increases in audit fees and the usage of any of the Big 4 audit firms, while the survival of banks is impacted by longer tenure of auditors because longer

tenure lowers audit quality.Every value on the diagonal is 1.0000, indicating perfect correlation between every variable and every other variable. Upon examining multi-collinearity, we found that there was not a single fully associated pair of explanatory factors. This indicates that multi-collinearity is not present in our model. Multi-collinearity among the explanatory variables can lead to biased standard errors of the coefficients and incorrect signs or implausible magnitudes in the estimated model coefficients.

Table 3: Variance Inflation Factor Analysis

Variance Inflation Factors
Date: 08/02/24 Time: 10:35
Sample: 2015 2022
Periods included: 8
Included observations: 112

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	1.298745	8.087642	NA
AUDT	0.998736	9.075742	2.897442
AUDF	0.905413	9.869763	5.001823

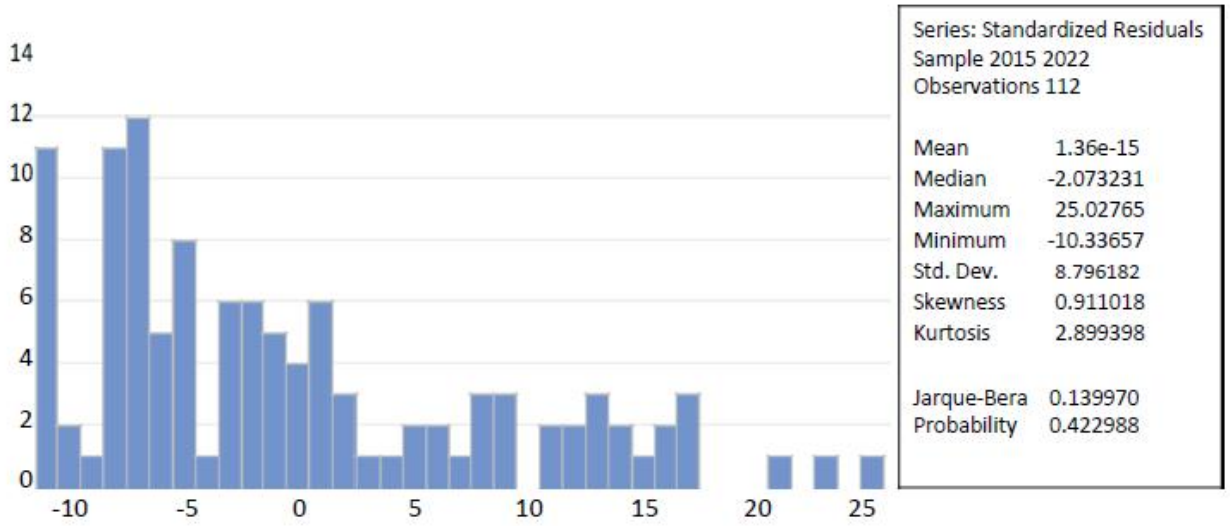
Source: E-View 12 Computational Results (2024)

The centered VIF in the preceding table spans from 2.89 to 5.00, indicating a non-multicollinearity feature. There is a multi-collinearity feature when the filtered VIF is greater than 10, or VIF>10.

Normality Test

Regression analysis's normalcy assumption stipulates that the error terms can't contain extreme values or outliers. The likelihood of Jarque-Bera statistics (J-B stat), as displayed in Fig. 1 below, was used to evaluate this.

Fig. 1:Normality Test



Source: E-Views 12 Computational Results (2024)

The assumption put forward is that there is no divergence of the residuals from a normal distribution. The null hypothesis of normalcy was accepted since the probability value of the J-B stat, which is 0.422988, is greater than 0.05.

Table 4: NAPS Panel Least Squares Regression Result

Cross-sections included: 14
Total panel (balanced) observations: 112

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AUDT	-2.694064	0.511721	-5.264713	0.0006
AUDF	0.800873	0.182376	4.391329	0.0024
C	2.761500	0.406817	6.788064	0.0000

R-squared	0.752763	Mean dependent var	7.777946
Adjusted R-squared	0.740982	S.D. dependent var	9.279932
S.E. of regression	8.959088	Akaike info criterion	7.266830
Sum squared resid	8588.382	Schwarz criterion	7.388191
Log-likelihood	-401.9425	Hannan-Quinn criteria.	7.316070
F-statistic	6.023162	Durbin-Watson stat	2.024691
Prob(F-statistic)	0.000000		

Source: Result Output from E-Views (2024)

The corrected R-squared value in Table 4 was 0.74, while the R-squared value was 0.75. This suggests that for the eight-year period (2015–2022), the net assets per share (NAPS) of our sampled banks can be explained by all independent variables

together for roughly 75% of the systematic fluctuations, with the error term accounting for the remaining 25% of the systematic variations. The F-statistic of 6.023162 and the corresponding P-value of 0.000000 demonstrate the high degree of specification of the NAPS Panel Least Squares Regression Model. By doing this, the researcher confirms that the regression model used in this study is valid.

Test of Autocorrelation: The Durbin Watson rule of thumb is in agreement with the DW statistic of 2.024691, which we observed using Durbin Watson (DW) statistics that we derived from our regression result in Table 4.3. This suggests that there are no autocorrelation issues with our data, making it suitable for interpreting and relying upon the regression result. The model's goodness of fit is confirmed by the Akika Info Criterion and Schwarz Criterion, which are 7.266830 and 7.388191, respectively, and further reinforce the regression result's fitness for dependability.

Test of Hypotheses

H01: *The corporate survival of listed deposit money banks in Nigeria is unaffected by the audit tenure.*

The relationship between audit tenure (AUDT) and net assets per share (NAPS) is negative and significant, with a P-value (significance) of 0.0006 for the model, which is less than the 5% level of significance adopted. This hypothesis was tested, and the results of the regression model are presented in Table 4.

The model's resultant negative coefficient of -2.69 shows that an increase in audit tenure lowers audit quality by 2.69%, which has a beneficial impact on banks' ability to survive. This suggests that the length of time auditors work for a bank influences whether the bank will survive. The alternate hypothesis, which maintains that audit tenure has a major impact on the corporate survival of listed deposit money banks in Nigeria, was thus accepted and the null hypothesis was rejected. This complements

the research by Ahmed (2014), Babatolu et al. (2016), Nzewi and Ifeanyi (2020), and Bassey et al. (2020).

H02: *In Nigeria, the corporate survival of listed deposit money banks is not significantly impacted by audit fees.*

The relationship between audit fees (AUDF) and net assets per share (NAPS) is positive and significant, according to the results of the regression model, which are presented in Table 4. The model's P-value (significance) is 0.0024, which is less than the 5% level of significance that was chosen. This hypothesis was tested. Similarly, an increase in audit fees guarantees firm longevity by 80%, according to the model's resultant positive coefficient of 0.80. This means that the auditor is encouraged to complete the assurance engagement assignment in accordance with the high level of standardization required when sufficient audit fees are paid.

The alternate hypothesis, which maintains that audit fees have a major impact on the corporate survival of listed deposit money bankss in Nigeria, was thus accepted and the null hypothesis was rejected. Adeyemi et al. (2012), Babatolu et al. (2016), Siriyama and Tori (2018), Nam and Ronen (2014), Nzewi and Ifeanyi (2020), and others.

CONCLUSION

According to the study, which used a model fit on auditor independence using (AUDT & AUDF), audit fees (AUDF) and audit tenure (AUDT) have the greatest level of influence on banks' survival (NAPS) of the two categories of auditor independence that were examined.

The study draws the conclusion that the survival of banks in Nigeria is significantly impacted by the independence of auditors. According to the report, audit firms should make sure that its operating duration is carefully adhered to and that audit staff members are regularly rotated in order to prevent familiarity threats to their ability to become independent and improve audit quality, both of which are necessary for ensuring business longevity. The four large

audit firms—KPMG, Ernst and Young, Deloitte, and PWC—are less likely than smaller ones to buckle under management pressure. In addition, paying a sufficient audit fee will incentivize the auditor to complete the assurance engagement assignment in accordance with the high level of standardization required. These are the reasons why banks should select one of these firms for their audit needs.

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