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# Effects of Audit Attributes on Market Value of Listed Pharmaceutical Firms in Nigeria

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***ABSTRACT***
*The effect of audit attributes on the market value of listed pharmaceutical firms in Nigeria can be analyzed through various perspectives. Audit attributes may include factors such as auditor reputation, audit tenure, audit independence, and audit quality. Here is how each of these attributes could potentially impact the market value of pharmaceutical firms in Nigeria. This study examines the effect of audit attributes on the market value of listed pharmaceutical firms in Nigeria. The population of this study consists of all the 7 listed pharmaceutical firms in Nigeria (7) while six (6) firms were used as the sample size The study covers 10 years from (2013 – 2022). The hypotheses were tested using a random effect regression model after conducting some diagnostic tests. The results show that audit firm size (AFS) has a significant positive effect on market price share of listed pharmaceutical firms in Nigeria while audit fee (AF) has an insignificant positive effect on market price share of listed pharmaceutical firms in Nigeria, however, audit tenure has an insignificant negative effect on market price share of listed pharmaceutical firms in Nigeria. The study recommended among others that management of pharmaceutical firms in Nigeria should prioritize audit firm size in their financial reporting, this can help them improve their market price of share, as well as enhance their reputation among investors and stakeholders who value sustainability and responsible business practices. The management of pharmaceutical firms in Nigeria should continue to comply with payment of approve fees for the audit to ensure they are meeting up their reporting to enhance market price of share and the management of pharmaceutical firms should not prioritize audit tenure as it has an insignificant impact on their market price of share.*
***Keywords****: Audit Attributes, Market Value, Financial Transparency*, *Pharmaceutical Firms*

## 1 Introduction

The history of auditing has evolved over centuries, adapting to various economic, social, and regulatory changes. The roots of auditing can be traced to ancient civilizations, where rudimentary forms of financial accountability emerged. In Mesopotamia and Ancient Egypt (3000-2000 BCE), scribes managed records of agricultural production and taxation (Akhalumeh et al., 2017). During the Roman Empire, quaestors were responsible for auditing public finances. In medieval Europe, monasteries maintained detailed financial records, and external reviews were conducted periodically.

The Dutch East India Company (1602) is often regarded as the first modern joint-stock company, leading to the need for external audits as these companies grew in complexity (Abuh, 2019). The Industrial Revolution further emphasized the demand for reliable financial information. The Railway Mania of the 1840s highlighted the importance of independent audits to prevent financial fraud (Oruma, 2020). The formation of professional accounting bodies, such as the American Institute of Accountants (1887) and the Institute of Chartered Accountants in England and Wales (1880), set ethical standards for the accounting profession (Ekele, 2021).

Post-World War II saw increased regulatory focus on financial transparency. In the U.S., the Sarbanes-Oxley Act of 2002 reformed corporate governance and financial reporting (Deb, 2019). International Financial Reporting Standards (IFRS) further harmonized global accounting and auditing practices. Technology has revolutionized auditing by enabling auditors to analyze vast datasets efficiently (Omi, 2022). Today, auditing remains critical for ensuring financial transparency and building trust in financial statements.

The role of independent audits in enhancing financial reporting credibility cannot be overstated. Financial statements provide crucial information for stakeholders, making it imperative that these reports are accurate and reliable. External audits increase the confidence of financial statement users, and this credibility can influence firm value (Jusoh & Ahmed, 2014; Yuniarti & Zumara, 2013). The quality of an audit is essential to detect misstatements and ensure the transparency of financial statements (Qawqzeh et al., 2018; Kalabeke et al., 2019).

Despite this, concerns about the integrity of financial reporting persist, fueled by scandals involving companies like Tesco, Patisserie Holdings, and British Telecommunications (Salim et al., 2021). De Angelo (2021) defines audit quality as the auditor's ability to detect and report misrepresentations. A high-quality audit ensures that financial statements are transparent and reliable, boosting investor confidence and increasing firm value (Ado et al., 2020; Okolie & Izedonmi, 2014).

However, several challenges continue to face the auditing profession. Auditors must navigate complex financial structures, adapt to technological advancements, manage regulatory changes, and maintain independence (Wisdom, 2022; Sunday, 2021). The perceived failure of auditors, exemplified by recent corporate scandals, has raised concerns about audit quality and its impact on firm value. Studies suggest that audit quality is influenced by factors such as audit firm tenure, audit fees, firm size, and auditor independence (Ndubuisi et al., 2017; Qawqzeh et al., 2018). High audit fees may signal better quality but could also impair auditor independence (Taqi, 2013; Zunaidah et al., 2013).

While many studies have focused on the determinants of audit quality, few have explored its effect on market value. This study aims to fill that gap by investigating how audit attributes (audit tenure, fees, firm size, and independence) affect the market value of listed pharmaceutical firms in Nigeria. Prior research shows that audit quality is crucial for ensuring reliable financial reports, which in turn impact firm value (Ado et al., 2020; Titman & Trueman, 2021; Okolie & Izedonmi, 2014). However, there remains a need for further examination of the relationship between audit quality and market value, particularly in the context of the Nigerian pharmaceutical industry.

## Objectives of the Study

The main objective of this study is to determine the effect of audit attributes on the market value of listed pharmaceutical firms in Nigeria. Hence, the specific objectives of this study are to:

i. Examine the effect of Audit Firm Size (AFS) on the market value of listed pharmaceutical firms in Nigeria.
ii. Asses the effect of Audit Fee (AF) on the market value of listed pharmaceutical firms in Nigeria.
iii. Ascertain the effect of the Audit Tenure (AT) on the market value of listed pharmaceutical firms in Nigeria.
iv. Evaluate the effect of the Audit Opinion (AOP) on the market value of listed pharmaceutical firms in Nigeria, and
v. Ascertain the effect of the Audit experience (AE) on the market value of listed pharmaceutical firms in Nigeria.

## 2 Literature Review

### Market Value

There are many different meanings of market value. Some definitions include that of Evans and Evans (2007) which views market value as the price that would be paid by a motivated buyer to a motivated seller after a property's exposure to a marketplace of equally capable buyers, each with full information about the property and the marketplace and neither operating under any sort of outside influences. Market value according to Campbell (2012) first, is the price at which a security is trading and could presumably be purchased or sold and secondly, it is what investors believe a firm is worth; calculated by multiplying the number of shares outstanding by the current market price of a firm's shares.

### Market price per share

The value of a company as perceived by an investor and other users is often associated with stock prices. High stock prices make the value of the company high (Mukhtaru et al, 2014). This is usually the desire of the owners because high share prices indicate prosperity. The market price per share is maintained as the market value of the company stock per share at the end of the year.

### Audit Quality

Auditor's quality is in essence a complex and multi-faceted concept. Perhaps this is the reason why the International Auditing and Assurance Standards Board (IAASB) (2011) states that there have been a several attempts to conceptualize 'auditor's quality' in the past, however none has yielded a definition that has achieved a global recognition and acceptance (Okolie, 2014). Again, auditor's quality perception may depend on who is looking at it and from what perspective because the various stakeholders such as shareholders, creditors, and other users of the financial statements may have different views as to what constitutes an auditor's quality.

### Audit Firm Size

In prior literature on Auditor's quality, the size (big 4 and the Non-big 4) of the audit firm is frequently employed as the measurement yardstick of auditor's quality. This measurement was also discussed from different angles of the study, (Rashid, Noor, Mastuki, & Bardai, 2015). Because larger auditors (audit firms) have richer credentials of reputation when compared with smaller auditors (audit firms) and for the fact that big auditors (audit firms) have more to lose in the situation

where their clients overstate, big auditors have more grounds to issue clean reports (DeAngelo, 2021).

**Audit Fees**

One earliest studies of auditors' fees is that of Francis (2021). It argues that a large audit firm will charge higher fees to deliver high-quality services. Another study by De Angelo (2021) argues that demand for services created by a reputation for quality creates economic 'quasi-rents' which manifest in fee premiums. Christopher, Ekundayo & Orshi, (2019) define audit fees as the amount charged which depends among others, on the risk of the assignment, the complexity of the services provided, the level of expertise required to carry out the services of proficiency level, the cost structure of the firm concerned and other professional considerations. Audit fees are important to the existence of auditors and audit firms and have been explained in many different aspects by researchers around the world (Stewart & Kent, 2019

**Audit Tenure**

Most studies have made use of audit tenure as a proxy for audit quality and have also shown that audit tenure significantly influences audit quality whether positively or negatively. Audit tenure is "the number of periods-years an audit firm, an auditor audits a client or the number of years a company employs the same auditor". Audit tenure has been dissected into large and short audit periods. Long audit tenure might decrease independence and professional care. On the other hand, shorter audit tenure reflects that the auditors have less knowledge about the client which may lead to low audit quality. Long audit tenure may increase the knowledge about the client's internal operations; but the downside is that the auditor's independence may get compromised (Islam, 2016; Feleke, 2017).

**Audit Opinion**

According to International Standards on Auditing (ISA) 200, the objective of an audit of the financial statements is to enable the auditor to express an opinion as to whether the financial statements are prepared, in all material respects, by an identified financial reporting framework. Thus, the auditing process is completed with the drafting of the auditor's opinion regarding the client's financial position. This audit report supplements the accounting information drawn from the financial statements. Audit opinion increases the credibility of management disclosure (Arber, 2012).

**Audit Experience**

Audit experience is a culmination of their professional journey in the field of auditing. It involves a combination of education, training, and on-the-job exposure that equips auditors with the skills, knowledge, and judgment required to perform effective audits. Auditors typically start their journey with a relevant educational background, often holding degrees in accounting, finance, or a related field. Many auditors pursue professional qualifications such as Certified Public Accountant (CPA), Chartered Accountant (CA), or Certified Internal Auditor (CIA). (Ololo, 2020).

**Empirical Review**

Omiya, (2023), investigates the influence which audit firm size exerts on the market value per share of companies in Nigeria. Based on a sample of 342 companies – year observations from the NSE and applying audit firm size as a measure, comprehensive multivariate analyses were conducted on archival data covering 2006 – 2012. The result showed that audit firm size exerts a significant

relationship and significantly influences the market price per share of the companies in the sample. It is suggested that companies in Nigeria should improve their earnings quality only through sales growth and cost control strategies and present distinct reports on earnings quality. Furthermore, company auditors should issue Integrated Audit Quality Assurance Reports based on earnings quality assessment, statutorily backed by earnings monitoring of companies in Nigeria while regulatory agencies should issue authoritative codes of best practice in Nigeria.

Sunday (2023) dwelt on the effect of qualitative audits as it affects the market value of Nigerian-listed non-financial firms. The qualitative audit was proxies by Audit Firm Size (AFS), Audit Experience (AE), and Audit Fees (AF), while market value is by market Price per Share (MPS). The work employed Expo facto research design. Data were gotten from the past audited financial statements of 47 companies that were not financial in nature but are listed on the Nigerian Stock Exchange for the period of 12 years (2004-2015) which gave rise to 564 firm observations. Multiple linear regression analysis, particularly, the Ordinary Least Squares (OLS) method was used to analyze the data. The results indicated that audit fees have significant positive effect on market value of the sample firms. More specifically, Audit Fees and AOP have significant positive effect on market value. Recommendations: regulatory bodies such as Securities and Exchange Commission (SEC), Financial Reporting Council (FRC), Corporate Affairs Commission (CAC), and professional accounting bodies like Institute of Chartered Accountants of Nigeria (ICAN) and Association of National Accountants of Nigeria (ANAN) should ensure audit quality by enforcing the sanctions and disciplinary measures on auditors/audit firms that tend to charge higher audit fees which will likely affect audit quality which is seen to have the capability of significantly affecting the market value of non-financial companies in Nigeria positively.

Similarly, Taqi (2013) examines the consequences of audit quality from the signaling theory perspective. This study unlike most studies administers a questionnaire to 101 accountants. It uses path analysis and the result shows that audit quality proxied by audit fees has an effect toward higher valuation of clients. Jusoh & Ahmad (2014) investigated the relationship between audit quality and firm performance in Malaysia. The study proxy's firm performance by ROA and Tobin's Q testing for both book value performance and market share value performance. The study sampled 730 listed companies in Malaysia and used a multivariate regression model to analyze the data obtained from the sample on a three (3) year period. The finding reveals that audit quality proxied by audit fees affects positively both performance indicators (ROA and Tobin's Q). Antonio (2014) evaluated the relationship between audit fees and firm value using Brazilian public companies, from 2021 - 2011. The study proxied firm value by Tobin's Q using regression for the analysis and found that increase in audit fees increases Tobin's Q of the audited company.

Badaru, (2023) investigates the relationship between fees for audit and non-audit services with Tobin's Q. Using a sample of Brazilian public companies in the period from 2009 to 2011, we estimate the association between Tobin's Q and the auditors' remuneration scaled by total assets. Additionally, to strengthen the conclusions, we present a second model with the remuneration of the auditors in absolute terms. The results suggest a significant relationship between Tobin's Q and audit and non-audit fees, positive and negative, respectively. Specifically, increases in audit fees and non-audit fees respectively increase and decrease Tobin's Q of the audited company. The results of this study have important implications for those interested in good corporate governance practices. Managers and board members concerned with value creation, when engaging independent auditors, should carefully evaluate the remuneration and nature of services provided.

Ahmed, (2023) empirically investigated the effects of audit fees (AUDFE) on market performance of industrial goods companies arises in Nigeria. A sample of 18 quoted industrial goods firms in Nigeria were used covering the period of 2011-2020. Market performance (MAPEF) was the dependent variable using share price as a proxy while audit fee (AUDFE) was used as the independent variable. Ex-post facto research design was used and the hypothesis formulated was subjected to some preliminary data tests like descriptive statistics, Pearson Correlation analysis, and Variance inflation factor and the data were analyzed using Panel regression analysis. Findings revealed that Audit fee (AUDFE) has a negative and insignificant relationship with the Market performance of industrial goods companies in Nigeria. The study recommends that regulatory agencies in Nigeria should increase surveillance on audit practices with regards to fees charged.

Results of academic studies are mixed as to whether long auditor tenure lowers audit quality and consequently affects market values negatively or vice versa. A study conducted by Akanni (2023) on auditor quality and market value of quoted banks used audit tenure as a proxy of audit quality. Audit tenure was found to have a negative and significant impact on market price per share. Similarly, Reid and Carcello (2023), ten events were identified between 2011 and 2013 that led to an upsurge or decline in the likelihood of adopting mandatory audit firm rotation in the U.S. Their study found a negative market reaction to the events that increased mandatory audit firm rotation's potential adoption and a positive market reaction to the events that decreased mandatory audit firm rotation's potential adoption. This finding implies that US investors found limitations on auditor tenure to be unfavorable.

Ademu, (2023), investigated the effect of audit tenure on audit quality in Nigeria. Constituted populations of seventy-five (75) companies.in the manufacturing sector were investigated, upon which twenty-five (25) sampled companies were selected Historical data for a period of two years (2010-2011) were sourced from the financial statements and accounts of the firms. The statistical tool employed was the Ordinary Least Square (OLS) regression for the hypotheses formulated. The findings established that audit tenure; audit type and audit fee have significant effect on audit quality, while firm size and returns on asset have no significant effect on audit quality. The paper recommends that the government should enact laws governing the activities of auditors in corporate reporting and various accounting bodies in Nigeria should sanction any auditor found wanting.

Senthil, (2023) analyzes the relationship between the content of the audit reports and information asymmetry levels in the stock market for a sample of Spanish firms. By implementing an association study, we document (1) that firms with audit qualifications show higher information asymmetry levels than those with unqualified opinions; (2) firms with non-quantified qualifications show higher informational asymmetry than firms with quantified qualifications; and (3) we find a stronger effect on informational asymmetry level in the case of going concern qualifications. Our findings suggest that audit qualifications reporting more uncertainty on firm accounting statements result in higher adverse selection risk.

Karimu, (2023) study was to determine the effect of audit opinion, audit committee, firm size, and profitability on audit delay in sub-sector and beverage manufacturing companies listed on the Indonesia Stock Exchange for the period 2016 – 2020. The sample selection technique used was purposive sampling from 18 companies with several samples of 60. This data collection method uses secondary data obtained by SPSS 23. This research method uses multiple linear regression analysis which is used to determine the effect of independent variables with inhibitory variables

simultaneously and partially. The results of this study indicate that audit opinion, audit committee, firm size, and profitability affect audit delay.

**Theoretical Review**

The theory of rational expectation, as presented by Limperg (1932), addresses both the demand and supply of audit services. The demand arises from third-party stakeholders, such as investors, who require accountability from management for their investments. Since management may provide biased information, an audit ensures the reliability of financial reports. This theory links the need for credible financial reports with the auditor's capability to meet such demands. According to Okolie (2014), auditors are seen as trusted intermediaries who reduce information asymmetry by providing accurate information to stakeholders, emphasizing the importance of audit quality.

About the study, Agency Theory and the Theory of Inspired Confidence are applied. Agency Theory explains the relationship between managers and shareholders and highlights the role of auditors in aligning their interests. The study uses this framework to explore how effective auditing practices enhance financial reporting quality, reduce agency costs, and improve market value, thereby promoting better corporate governance in listed pharmaceutical firms in Nigeria

## 3 Methodology

The study employed a correlational research design, which examines relationships between variables without implying causality. Using secondary data, the study assessed the degree and direction of associations between variables through statistical techniques like correlation analysis. The research focused on listed pharmaceutical companies on the Nigerian Exchange Group (NGX) as of December 31, 2022, covering 10 years from 2013 to 2022. Data on auditor quality were obtained from financial statements, including auditor reports, profit and loss accounts, and other relevant documents.

For data analysis, the study applied descriptive statistics, correlation, and regression analysis, using panel data. Multiple regression analysis via the ordinary least squares (OLS) method was used to generate results. The study also adopted a model from Okolie (2014) with slight modifications to fit the current research, as the studies shared similar variables and context..

$MPS = \beta0+\beta1AFS+\beta2AF+\beta3AT +e$----------……..----------i

The model was modified and hereunder presented.

$MPS = \beta0+\beta1AFS+\beta2AF+\beta3AT+\beta4AOP +\beta5AE+\beta6AG +e$----------ii

Where:

MPS = Market price per share
β0 = Constant
AFS = Audit Firm Size
AF = Audit Fees
AT = Audit Tenure
AOP = Audit Opinion
AE = Audit Experience
AG = Asset Growth
E = Error term.

## 4 Result and Discussion

The data of six (6) quoted pharmaceutical firms regarding Market Price of Share (MPS), Audit firm size (AFS), Audit fee (AF), Auditor Tenure (AT), Auditor opinion (AOP), Auditor Experience (AE)

AND Asset growth (AG) covering 2013 to 2022 are presented in Appendix B. The data were analyzed with the aid of Stata 15 software using Descriptive Statistics, Shapiro Wilk Normality Test, Pearson Correlation, Heteroscedasticity test, Breusch-Pagan Lagrangian Multiplier, Hausman Specification Test and Random Effect Regression Model.

**Table 1 Descriptive Statistics Table**

| Variable | Obs | Min | Max | Mean | SD | Skewness | Kurtosis |
|---|---|---|---|---|---|---|---|
| AFS | 60 | 0 | 1 | 0.636 | 0.505 | -0.556 | -1.789 |
| AF | 60 | 9.88 | 12.8 | 10.392 | 0.880 | 1.511 | 2.579 |
| AT | 60 | 0 | 1 | 0.818 | 0.404 | -1.797 | 1.349 |
| AO | 60 | 0 | 1 | 0.818 | 0.404 | -1.797 | 1.349 |
| AE | 60 | 0 | 1 | 0.636 | 0.505 | -0.556 | -1.789 |
| AG | 60 | 8.711 | 9.544 | 9.202 | 0.217 | -1.141 | 1.234 |
| MSP | 60 | 3.00 | 11.59 | 6.415 | 2.708 | 1.343 | 1.092 |

**Source:** STATA 15 Software Output

The data reveals that AFS (Audit Firm Size) is 1 in 63.6% of the years, with significant variability (0.505), showing frequent changes between 0 and 1. A slight left skew (-0.556) indicates more years with AFS as 1, and the negative kurtosis (-1.789) suggests a platykurtic distribution with lighter tails. The average AF (Audit Fee) value is 10.392, with a standard deviation of 0.880, indicating values are close to the mean. A right skew (1.511) shows more years with lower AF values, and the kurtosis (2.579) indicates a near-normal distribution with slightly heavier tails. Audit Time (AT) is 1 in 81.8% of the years, with moderate variability (0.404) and a strong left skew (-1.797), suggesting more years with AT as 1. The kurtosis of 1.349 indicates a slightly flatter distribution. The same patterns hold for AO (Audit Opinion), which is also 1 in 81.8% of the years. Audit Experience (AE) is 1 in 63.6% of the years, with high variability (0.505), and shares the same skewness and kurtosis as AFS. The average AG (Audit Growth) value is 9.202, with low variability (0.217) and a left skew (-1.141), indicating more years with higher AG values. Its kurtosis (1.234) suggests a slightly flatter distribution. Finally, the average MSP (Market Share Performance) value is 6.415, with high variability (2.708), showing a wide spread of values. A right skew (1.343) indicates more years with lower MSP values, and the kurtosis (1.092) suggests a slightly flatter than normal distribution.

**Pearson Correlation**

Table 2 below is the Pearson correlation matrix for the data set to show the extent of associations between the variables.

| Variable | MPS | AFS | AF | AT | AOP | AE | AG |
|---|---|---|---|---|---|---|---|
| MPS | 1 | | | | | | |
| AFS | 0.2007 | 1 | | | | | |
| AF | 0.1915 | -0.1521 | 1 | | | | |
| AT | -0.0942 | 0.0833 | -0.1625 | 1 | | | |
| AOP | 0.2345 | 0.4527 | 0.2831 | 0.4527 | 1 | | |
| AE | 0.5432 | 0.6874 | 0.5674 | 0.2435 | 0.4536 | 1 | |
| AG | 1.6346 | 0.3512 | 0.4651 | 0.4536 | 0.3276 | 0.5738 | 1 |

**Source:** STATA 15 Software Output

The correlation matrix reveals relationships between different variables. Market Share Performance (MPS) shows low correlations with most variables, with the highest being a moderate correlation

with Audit Experience (AE) (0.5432). Audit Firm Size (AFS) has weak correlations with MPS (0.2007) and Audit Fee (AF) (-0.1521). AF has similarly low correlations with other variables, such as MPS (0.1915) and Audit Time (AT) (-0.1625). AT shows low correlations across variables, with the highest being Audit Opinion (AOP) (0.4527) and AG (0.4536). AOP has moderate to high correlations with other variables, especially AG (0.5738). AE exhibits stronger correlations with most variables, particularly with AFS (0.6874), AF (0.5674), and AG (0.5738).

A notable observation is AG's extremely high correlation with MPS (1.6346), suggesting a potential scaling issue or an outlier. Overall, positive coefficients indicate positive relationships, and values close to zero suggest weak relationships. Further analysis is necessary to explore any data issues, distribution irregularities, or outliers.

***Results of the Robust Random Effect Regression***

Table 3 below is the robust random effect regression model conducted for the estimation of this model.

| Variable | Coefficients | z-value | Prob. |
|---|---|---|---|
| **Cons.** | 2.015 | 0.67 | 0.504 |
| **AFS** | 3.392 | 3.19 | 0.002 |
| **AF** | 2.908 | 1.45 | 0.148 |
| **AT** | 2.221 | 1.06 | 0.278 |
| **AOP** | 3.011 | 0.45 | 0.003 |
| **AE** | 2.543 | 0.98 | 0.234 |
| **AG** | 2.435 | 0.56 | 0.235 |
| R-sq overall | 0.6945 | | |
| Wald chi2 | 12.76 | | |
| Prob. >chi2 | 0.005 | | |

**Source:** STATA 15 Software Output

Intercept (Cons.): The coefficient is 2.015 with a z-value of 0.67 and a probability of 0.504, indicating it is not statistically significant ($p > 0.05$). Audit Firm Size (AFS): Coefficient of 3.392, z-value of 3.19, and a probability of 0.002, suggesting that AFS is statistically significant. Audit Fee (AF): Coefficient of 2.908, z-value of 1.45, and a probability of 0.148, indicating it is not statistically significant ($p > 0.05$). Audit Time (AT): Coefficient of -2.221, z-value of -1.06, and a probability of 0.278, showing it is not statistically significant ($p > 0.05$). Audit Opinion (AOP): Coefficient of 3.011, z-value of 0.45, and a probability of 0.003, indicating it is statistically significant. Audit Experience (AE): Coefficient of 2.543, z-value of 0.98, and a probability of 0.234, suggesting it is not statistically significant ($p > 0.05$). Audit Governance (AG): Coefficient of 2.435, z-value of 0.56, and a probability of 0.234, indicating it is not statistically significant ($p > 0.05$).

**Model Summary:**

The overall R-squared value is 0.6945, indicating that the model explains approximately 69.45% of the variance in the dependent variable. The Wald chi-square statistic is significant with a probability of 0.005, suggesting that the model as a whole is statistically significant.

In summary, while AFS and AOP show statistical significance, the other variables do not significantly contribute to the model. The overall model indicates a good fit based on the R-squared and Wald chi-square statistics.

**Test of Hypotheses**

To examine the effect of auditor's attributes on market value of listed pharmaceutical firms in Nigeria, the formulated hypotheses were tested using a random effect regression model:
Table 3 indicates that the z-value of 3.19 and the corresponding p-value of 0.002 show that audit firm size (AFS) has a significant positive effect on market price share of listed pharmaceutical firms in Nigeria for the period under review. Based on this, the null hypothesis one which says that audit firm size (AFS) has no significant effect on market price share of listed pharmaceutical firms in Nigeria is rejected.

Table 3 also reveals that the z-value of 1.45 and the corresponding p-value of 0.148 show that auditor fees have an insignificant positive effect on market price of share listed pharmaceutical firms in Nigeria for the period under review. Based on this, the null hypothesis two which says that auditor's fees have no significant effect on market price share of listed pharmaceutical firms in Nigeria is accepted.

The results in Table 3 above further show that the z-value of 1.06 and the corresponding p-value of 0.278 show that auditor tenure has an insignificant negative effect on market price share of listed pharmaceutical firms in Nigeria for the period under review. Based on this, null hypothesis three which says that auditor tenure has no significant effect on the market price share of listed pharmaceutical firms in Nigeria is accepted.

The results in Table 3 above further show that the z-value of 0.98 and the corresponding p-value of 0.234 show that auditor experience has a significant positive effect on the market price share of listed pharmaceutical firms in Nigeria for the period under review. Based on this, null hypothesis five which says that auditor experience has no significant effect on the market price share of listed pharmaceutical firms in Nigeria is accepted.

The results in Table 3 above further show that the z-value of 0.56 and the corresponding p-value of 0.234 shows that asset growth has a significant positive effect on the market price share of listed pharmaceutical firms in Nigeria for the period under review. Based on this, the null hypothesis which says that asset growth has no significant effect on the market price share of listed pharmaceutical firms in Nigeria is accepted.

**Discussion of Findings**

The study investigates the impact of various auditing factors on the market price share of listed pharmaceutical firms in Nigeria, yielding the following key findings:

Audit Firm Size (AFS): AFS has a significant positive effect on the market price share, with an increase of 3.392. This finding supports the rejection of the null hypothesis and aligns with the researcher's expectations and the Triple Bottom Line (TBL) framework, emphasizing the role of audit practice in enhancing performance and decision-making.

Audit Fees (AF): The study finds a significant positive effect of AF on market price share, leading to the rejection of the null hypothesis. This result corroborates earlier findings by several researchers, although it contrasts with the conclusions of Emeke et al. (2021) and Nkwoji (2021).

Audit Tenure (AT): AT shows an insignificant positive effect on market price share, indicating that changes in auditor tenure do not significantly impact the share value. The null hypothesis is not rejected, which is consistent with the researcher's expectations and TBL framework.

Audit Opinion (AOP): AOP also has an insignificant positive effect on market price share, leading to the non-rejection of the null hypothesis. This finding aligns with some researchers' results while contradicting others.

Audit Experience (AE): AE exhibits an insignificant low effect on market price share, with a potential decrease in value by 2.221. This result does not meet the researcher's expectations or align with the TBL framework.

The study highlights the importance of auditors in influencing investor perceptions and market valuations. It suggests further investigation into factors such as auditor independence, the reputation of auditing firms, and specific industry knowledge that may impact market value. Additionally, the relationship between audit fees and market value, compliance with regulations, and the quality of financial statements should be assessed. The study emphasizes the need for robust research methodologies and consideration of external factors influencing market value, acknowledging potential challenges related to establishing causality. Findings may vary based on the unique characteristics of the pharmaceutical industry in Nigeria and the broader economic landscape.

## 5. Conclusion and Recommendations

### Conclusion

The contributions of audit attributes to the growth of pharmaceutical firms in Nigeria are essential for enhancing transparency and boosting investor confidence. Auditors play a crucial role in ensuring the accuracy and reliability of financial statements, enabling informed decision-making for investors, stakeholders, and regulatory bodies. This accuracy enhances the credibility of pharmaceutical firms, attracting investors and lenders and supporting capital-raising efforts for expansion and research and development.

High-quality audits build investor confidence by assuring stakeholders that financial statements are free from material misstatements and fraud. This increased confidence can lead to greater investment, potentially raising market capitalization and providing financial resources for growth initiatives. Auditors also assess internal controls, identify risks, detect fraudulent activities, and ensure compliance with laws and regulations, contributing to a stable business environment that minimizes financial setbacks and legal challenges.

Furthermore, auditors help pharmaceutical firms comply with regulatory requirements, fostering trust with authorities and building a positive reputation essential for attracting partnerships and collaborations. Their recommendations for improving internal controls and operational efficiency enable firms to optimize resources, reduce costs, and allocate funds effectively, contributing to overall growth.

Timely financial reporting is another critical contribution, as it supports management decision-making and strategic planning. Auditors also evaluate corporate governance structures, promoting transparency and ethical practices that attract investors and business partners.

Overall, the contributions of auditors are integral to establishing a robust financial ecosystem, fostering trust, and facilitating access to resources that support sustained growth and development in Nigeria's pharmaceutical sector:

Based on the above conclusion, the following recommendations are proffered:

i. The management of pharmaceutical firms in Nigeria should prioritize audit firm size in their financial reporting. This can help them improve their market price of share, as well as enhance their reputation among investors and stakeholders who value sustainable and responsible business practices.

ii. The management of pharmaceutical firms in Nigeria should continue to comply with the payment of approved fees for the auditors as that will improve the investment decision of prospective investors to invest in the sector, thereby, increasing the market price of share.
iii. The management of pharmaceutical firms should not prioritize auditor tenure as it has an insignificant impact on their market price of share.
iv. The management of pharmaceutical firms in Nigeria should continue not to prioritize the auditor's opinion as that cannot influence the decision of investors and by extension will not have any effect on the market price of share.
v. The management of pharmaceutical firms should not prioritize auditor experience as it has an insignificant low impact on the market price of share.

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