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AUDIT TIME PRESSURE, INDUSTRY SPECIALIZED AUDIT AND FINANCIAL REPORTING QUALITY IN QUOTED MANUFACTURING COMPANIES IN NIGERIA

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Abstract

The study investigated the impact of audit time pressure and Industry Specialized Audit on financial reporting quality among quoted manufacturing companies on the Nigeria Exchange (NGX) from 2013-2022. Data for the study were collected from Audited Annual Financial Statements of sixty (60) listed manufacturing firms in Nigeria. Statistical techniques such as descriptive statistics, correlation analysis and random effect model, were employed to analyze the data. The findings revealed that industry specialized audit positively influenced firms' financial reporting quality, signifying that auditors with industry-specific expertise significantly contribute to enhance firms' financial reporting quality. Furthermore, audit time pressure also exerted a positive and significant relationship with firms' financial reporting quality, implying that providing auditors with adequate time for thorough financial scrutiny can lead to improved firms' financial reporting quality. The study therefore concluded that to ensure firms' financial reporting quality among the manufacturing firms in Nigeria, adequate audit time should be allocated for audit assignments. The study therefore recommended that it is only by allocating specific audit responsibilities to industry specialized auditors, limiting audit time pressure by providing adequate time for audit assignments, and investing adequately on auditors' training that an enhanced firms’ financial reporting quality can be guaranteed among the manufacturing companies in Nigeria.

Keywords: Financial Reporting Quality, Industry Specialized Audit, Audit Time Pressure, Quoted Manufacturing Companies

1.0. Introduction

Quality financial reporting remains crucial in today's world, just as it was in the past. The demand for high-quality financial reports is driven by various factors, including the collapse of corporate entities like WorldCom (2002), Enron (2003), Cadbury Nigeria Plc. (2006), Thomas Cook (2019), and others, which significantly highlighted deficiencies in financial reporting quality of the various corporate entities (Emmanuel & Emem, 2020). Financial reporting is the process of recording and conveying financial activities and performance over a specific time period (Lauren, 2021). It is widely believed that adherence to accounting standards exert influence on financial reporting quality. As a result of this, regulatory bodies have been established to oversee the compliance of quoted manufacturing companies in Nigeria with reporting standards, as the collapse of many firms underscores the importance of quality financial reporting. Recognizing the significance of quality financial reporting, the International Federation of Accountants (IFAC) and the International Auditing and Assurance Standards Board (IAASB) emphasize the role of audit services in ensuring that financial statements are true, fair, and compliant with relevant rules and regulations (IAASB, 2013).Therefore, in order to guarantee that financial reports are free from material misstatements and errors, external auditors are employed to review a firm's financial reports and provide a professional opinion on whether they accurately represent the firm's financial position over a period of year (Emmanuel & Emem, 2020, Lauren, 2021). The core component of a financial reporting system is the financial statement which serves as a primary means for companies to communicate their financial results, values and position to their stakeholders (Hussain, 2018, Hasan, Kassim & Hamid, 2020).However, several factors influence the quality of audit work in the preparation of firm’s financial reports such as time budget pressure, industry specialized audit, audit fees, audit committee independence, auditors' independence, auditors' tenure, audit rotation, joint audit, and auditor reputation (DeAngelo, 1981, AL-Qatamin, 2020).While some of the factors have been considered by previous authors, a few of them has not been extensively explored. Time budget pressure, which stems from bidding on audit contracts, imposes pressure on auditors to complete their tasks within a set timeframe. Industry specialized audit emphasizes that auditor should carry out audit work in firms where their comparative competence is absolute. How would these variables affect the financial reporting quality of a going -concern in the manufacturing sector? Answer to the puzzle is the mainstay of the paper. The focus of the study was therefore, to determine how time pressure and industry specialized audit affected the quality of financial reporting of the quoted manufacturing firms in Nigeria. The work was anchored on the theory of inspired conscience as a tripod on which the entire work rests. The remainder of the work is structured as follows; after the introductory session, session 2 reviews the literature, while methodology for the work is presented under session 3, following by analysis and discussion of the results in session 4. Session 5 concludes the study by drawing out policy recommendations for all stakeholders.

Review of Literature

The quality of a firm's financial reporting has been a subject of debate in many fora. The collapse of many companies has given many stakeholders grave concerns despite a clean audit report to the companies. In the context of financial audits and reporting, the characteristics of audit firms play a crucial significance. The interests of the company's management and those of its shareholders are brought together by auditors, who serve in the role of middlemen and midwives in ensuring quality financial reports. Audit time budget pressure and display of specialized skills on the part of auditors to guarantee quality of financial report is often regarded as one of the most important elements in an auditing process. In order to guarantee an enhanced entity's financial performance and fair evaluation of the financial reports, the two variable factors of time pressure and industry specialized skills have been dominant contextual elements capable of undermining audit process (Umaru,2014).

Conceptual Review

Industry Specialized Audit and Financial Reporting Quality

Available literature has not devoted a great deal of attention to investigating the connection that exists between industry-specific auditing and the quality of financial reporting. Dijeh, Ofor & Odubuasi (2022) carried out a study to determine the influence that audit attributes exert on the quality of the financial reports produced by Nigerian insurance businesses. The study examined the factors such as audit duration, audit fee, joint audit, industry-specific audit, and audit type. The findings revealed that industry-specific auditing had a negative influence on the quality of financial reporting with the associated value of the result being statistically negligible. Also, Zuo and Guan (2014) found no statistically significant association between earnings management and sector audit specialization in their research. The results of their findings also discovered a negative link between the businesses that used earnings management strategies that reduced employee pay. In a different research conducted by Hegazy, Al-Sabagh, and Hamdy (2015), the findings indicated that there was no significant difference in the ability of industry expert auditors and non-specialist auditors to control earnings management. In addition, Ahmad, Suhara, and Ilyas (2016) employed multiple regression analysis to investigate the link that existed between the industry specialized audit and the quality of financial performance variables. It was equally revealed that industry expert auditors had a negative correlation with earnings management. However, Havasi and Darabi (2016) discovered a contrast to the trend of findings in their research. They opined that auditor's specialization had a direct influence on the quality of company financial reporting. It was concluded in the study that the quality of the financial reports would be greatly improved when the audit was carried out by professionals with comparative competence on the audit type. In addition, industry specialization made it easier for auditors to adjust to changes in auditing standards than it was for auditors who act as generalists. Also, Mohamed, Ahmed, and Rasha (2015) offered empirical data that is in agreement with the theory that audit- industry specialization leads to an improvement in audit quality. The findings of the various investigations therefore provided credence to the hypothesis that industry specialization is associated with improved audit quality. In addition, Ibrahim (2017), provided support for the contention that the quality of profits reported by consumer goods companies listed on the Nigerian stock market is positively affected by industry-specific audits. Annam, Khmoussi, and Fatma (2012) opined that auditor industry specialization was connected with lower levels of accruals earnings management. The researcher believes that there is sufficient evidence to support the hypothesis that proposes a strong association between auditor industry specialization and the quality of financial reporting.

Audit Time Pressure and Financial Reporting Quality

There is a lack of consensus in both the existing literature and the conversation on the link between audit time limitations and the quality of financial reporting. Scholars such as Broberg, Tagesson, Argento, Gyllengahm, and Mrtensson (2017) highlighted the challenges involved in cutting costs in audit assignments while still insisting on adhering to professional norms of conduct and financial quality services. It was discovered in their findings that despite the increasing expenditures for audit firms as well as their clients,which are a natural result of greater time spent on auditing, the trade-off is worthwhile because of the improvements to audit quality. Also, studies conducted by Marsudi (2019) and Gaol et al. (2017) demonstrated that time and budget constraints had a positive influence on audit quality, though, statistically insignificant. However, Broberg et al. (2017) discovered that the quality of the audit worsened when time restrictions were taken into consideration. Khodamoradi and Hajiha (2016) opined that the quality of financial reports has a tendency to degrade when auditors are stressed for time and resources. Also, Handoko and Pamungkas (2020) investigated both independent variables as well as time restrictions and auditor ethics. The findings revealed that the amount of time available has no discernable impact on the quality of the audit. Lestari and Irianto (2022) carried out a study that was quite in agreement to the existing similar finding. They investigated the influence on audit quality by the length of time an audit had been carried out, the auditor's reputation, and time restrictions at 11 Indonesian manufacturing company. The findings revealed that there was neither a partial nor a simultaneous influence of the time budget limitation on the audit quality that was observed. In light of the contradictory findings, it is abundantly obvious that the investigation into the influence of audit time constraints on the quality of financial reporting is still a puzzle in its formative phases.

Theoretical Underpinning

The behavior and attributes of audit firms are not arbitrary but are often driven by underlying theoretical perspectives and frameworks. One relevant theoretical perspective often used to explain audit firm behavior is the Agency Theory. The theory was developed in the field of economics and widely applied to auditing, exploring the relationships between principals (shareholders or stakeholders) and agents (management or auditors). The core premise of Agency Theory is that conflicts of interest exist between principals and agents due to information asymmetry and differing motivations (Jensen & Meckling, 1976). Therefore, in the context of audit firm behavior, agency theory is used to underscore the role of auditors as agents and their relationship with company management, who act on behalf of shareholders (Dijeh, Ofor & Odubuasi ,2022). Auditors are expected to act in the best interests of shareholders by providing an independent and unbiased assessment of a company's financial statements. The theory suggests that audit firms must exhibit attributes and behaviors that align with their role as agents of the shareholders (Jensen & Meckling, 1976; Kajola, Sanyaolu, & Adeyemi (2020). In summary, agency theory provides a solid theoretical underpinning for understanding the behavior and attributes of audit firms (Lestari & Irianto ,2022). It highlights the critical role of audit firms as agents serving the interests of shareholders and how various attributes and behaviors, such as auditor independence, audit firm size, audit time pressure and industry specialization, are shaped by the need to mitigate conflicts of interest and information asymmetry,that can influence audit quality and affect the quality of financial reporting

Empirical Review

Kolawole (2023) conducted research on audit characteristics and reporting quality in selected Nigerian deposit money institutions. The findings revealed that there is a positive link between audit fees, audit firm independence, and auditor experience and the quality of financial reports. Also, Alia, Mohaisen, & Hameed (2019) investigated the audit procedures used by Nigerian firms as well as the timeliness of their financial reports using pooled OLS regression. The research indicated a negative but statistically insignificant connection between the number of audit firms and the timeliness of financial reporting. However, there was a positive association between audit independence and the frequency of financial reporting, with higher levels of audit independence being connected to shorter intervals between reports. Umaru (2014) examined the audit characteristics and financial reporting quality of Nigerian building companies that were publicly traded. The study adopted the Ordinary Least Square (OLS) approach. The findings demonstrated a positive and statistically significant association between audit compensation and the quality of financial reporting. Kajola, Sanyaolu, and Adeyemi (2020) examined the characteristics of audit firms and the influence on the quality of financial reporting, with a particular emphasis on Nigerian listed deposit money banks. The study adopted the use of random effects generalized least squares. The findings from the study revealed that there is a negative association between some elements of audit companies, such as audit fees, joint audits, earnings management and financial reporting quality. Khalil (2022) investigated the connection between the choice of auditors and the reliability of the financial reports that were produced in the banking industry of Pakistan using multivariate regression analysis. The results of the findings showed that there was no statistically significant difference between the two variables. Soyemi, Olufemi, and Adeyemi (2020) investigated the extent to which there is a connection between the quality of the country's external audits and the manner in which accrual profits are managed. The findings of a multivariate analysis with fixed effects using ordinary least square indicated that audit quality variables were responsible for 49% of the variance in earnings management. These findings demonstrated the mutual and statistically significant impact of these components. In particular, there were positive and statistically significant associations between audit tenure and auditor independence, a negative and substantial effect of total assets on earnings management, and a link between earnings management and the size of the audit company that seemed favorable but was statistically insignificant.

METHODOLOGY

Method of Data Analysis

The ex-post facto research technique was chosen for the study because it eliminates the need for any kind of data manipulation and enables an exact evaluation of the relationships and effects of audit time pressure, industry specialized audit on financial reporting quality. The population of the study includes sixty (60) different manufacturing companies that are active traders on the Nigeria Exchange Group (NGX) during the years 2013-2022. A sample size of thirty NGX manufacturing companies between the years 2013 and 2022 was employed. The selection was based on the availability of complete and Audited Annual Financial Reports for each of those years.

Model Specification

The model examined the relationship between financial reporting quality (FRQ) and the independent variables, industry specialized audit (INDAUD) and audit time pressure (AUDTP). The linear equation model was specified as:

$FRQ = \beta 0 + \beta 1 * INDAUD + \beta 2 * AUDTP + \varepsilon$

Where:

- FRQ: Financial Reporting Quality (Dependent variable), which is proxied by discretionary accruals.
- INDAUD: Industry Specialized Audit (Independent variable), measured as 1 if the auditor is the most frequently used auditor in the sector and 0 if otherwise.
- AUDTP: Audit Time Pressure (Independent Variable), measured as the difference between the audit report date and financial report date.
- $\beta 0$, $\beta 1$, $\beta 2$: Estimated Coefficients.
- ε: Error term (captures unexplained variance).

The coefficients $\beta 0$, $\beta 1$, and $\beta 2$ were estimated regression analysis that explained the relationships and significance of the variables in financial reporting quality. The coefficients dictated the direction and strength of the relationships.

Measurement of variables

S/N	Variables	Type of Variables	Measurements	Sources
1.	Financial Reporting Quality (FRQ)	Dependent variable	Proxied by Discretionary accruals computed using modified Jones Model prepared by Yoon, Miller & Jiraporn (2006).	Mohammed et al. (2021)
2.	Industry Specialized Audit (INDAUD)	Independent variable	Measured as 1 if the auditor is the most frequently used auditor in the sector and 0 if otherwise.	(Farouk, Sami & Mamuda, Ahmad, Suhara & Ilyas, 2016 and Havasi & Darabi, 2016)

3.	Audit Time Pressure (AUDTP)	Independent Variable	Measured as audit report date – financial report date	Lestari and Irianto (2022)

Authors' compilation (2023)

Results and Discussions

Table1 is the summary of the key descriptive statistics for the variables in the study. From the table, the financial reporting quality variable (FRQ) has a mean of approximately -1.13 with a high standard deviation of about 7.9949, indicating considerable variability in financial reporting quality. The minimum and maximum values of -158.1668 and 47.2106 suggest extreme values within the dataset, but the skewness and kurtosis of 0.0000 indicate a normal distribution. Industry Specialized Audit (INDAUD) is binary, with a mean of roughly 0.6607, and a standard deviation of about 0.4739. It shows little variation, and the skewness and kurtosis are also 0.0000, confirming its normal distribution. Audit Time Pressure (AUDTP) exhibits moderate variability, with a mean of approximately 3.3107 and a standard deviation of about 1.3753, with minimum and maximum values of 0 and 11, respectively, and skewness and kurtosis of 0.0000. These statistics provide an overview of the data's central tendencies, variabilities, and distribution characteristics.

Table 1: Descriptive Statistic of the variables

Variable	Observations	Mean	Standard Deviation	Minimum	Maximum	Skewness	Kurtosis
Financial Reporting Quality (FRQ)	453	-1.13	7.9949	-158.1668	47.2106	0.0000	0.0000
Industry Specialized Audit (INDAUD)	504	0.6607	0.4739	0	1	0.0000	0.0000
Audit Time Pressure (AUDTP)	515	3.3107	1.3753	0	11	0.0000	0.0000

Source: Authors' computation, 2023

Diagnostics Test of Independent Variables and Dependent Variable

The section presents the results from the pre and post estimation tests conducted to ensure that the results obtained are robust. The tests include the normality test, multicollinearity test, model specification test, Hausman specification test, heteroscedasticity test and the Breusch-Pagan Lagrange multiplier test for Random Effects. The analysis includes diagnostic tests to ensure the robustness of the results, focusing specifically on the variables of "Industry

Specialized Audit" (INDAUD) and "Audit Time Pressure" (AUDTP), along with two control variables, "Company Size" (CSIZE) and "Profit Margin" (PM).

Normality Test

In the normality test from table 2, the Shapiro-Wilk test was used to assess the normality of residuals. The results indicate that the residual for INDAUD was normally distributed, with a non-significant probability value. However, the residual for AUDTP was not normally distributed, with a statistically significant probability value at a 1% level of significance.

Table2: Shapiro-Wilk Test for Normal Data

Variables	Obs	W	Z	Prob>Z
INDAUD	504	0.99814	-1.116	0.8677
AUDTP	515	0.79833	10.216	0.0000

Source: Authors' computation (2023)

Multicollinearity Test

Table 3 presents the results of multicollinearity test for the study. The multicollinearity test examined the presence of harmful relationships among predictors. The results from the Collin command indicate the absence of multicollinearity for INDAUD and AUDTP, as the Variance Inflation Factor (VIF) values are below 10. While the normality test suggests that the residual for INDAUD follows a normal distribution, the residual for AUDTP is not normally distributed. However, both INDAUD and AUDTP do not exhibit multicollinearity. Additionally, the inclusion of control variables "Company Size" and "Profit Margin" shows that these variables also do not contribute to multicollinearity concerns. The diagnostic tests are essential to ensure the reliability of the subsequent analysis for the variables of "Industry Specialized Audit" and "Audit Time Pressure," while considering the impact of control variables

Table 3: Multicollinearity Test

Variables	VIF
INDAUD	1.17
AUDTP	2.96
CSIZE	1.03
PM	1.47

Source: Authors' computation, 2023

Table 4 shows the results of the correlation analysis which examined the relationships between explanatory variables, moderating variables, and the dependent variable, primarily focusing on "Industry Specialized Audit" (INDAUD) and "Audit Time Pressure" (AUDTP), along with two control variables: "Audit Committee Size" (CSIZE) and "Performance Measure" (PM).

The study also considered the presence of multicollinearity among the variables. The correlation matrix in the table reveals the relationships among the variables. The values of the correlation coefficients range from -1 to 1. Positive values indicate a positive linear relationship, while negative values suggest a negative linear relationship. An absolute value closer to 1 indicates a stronger relationship. The summary of the results was that financial reporting quality (DA) has a weak positive correlation with INDAUD (r = 0.0013), AUDTP (r = 0.1411), CSIZE (r = 0.0044), and PM (r = 0.0047). Also, the positive correlation implies that when INDAUD, AUDTP, CSIZE, and PM increase, financial reporting quality also increases. However, the correlations are generally weak, especially for variables like INDAUD, CSIZE, and PM, indicating that their relationship with financial reporting quality is not strong. Moreover, a negative correlation is observed between audit committee financial expertise (AUDCFE) and financial reporting quality discretionary accrual (DA) (r = -0.0405). This suggests that a lack of committee members with financial expertise may lead to inadequate discretionary accruals and lower financial reporting quality for listed manufacturing companies in Nigeria. The results provide valuable insights into the relationships between the variables, indicating that specific audit firm attributes and control variables influence financial reporting quality.

Table 4: Correlation Matrix for Audit Firms' Attributes, Control Variables, and Financial Reporting Quality

VAR.	DA	INDAUD	AUDTP	CSIZE	PM	VIF
DA	1.0000					1.73
INDAUD	0.0013	1.0000				2.91
AUDTP	0.1411	-0.0452	1.0000			1.03
CSIZE	0.0044	-0.0635	-0.0806	1.0000		1.12
PM	0.0047	0.7871	-0.0251	-0.1792	1.000	2.96

Source: Authors' computation, 2023

Table 5 presents the results which revealed that the financial reporting quality of the manufacturing companies is influenced by specific company characteristics that do not change over time, such as their size (CSIZE) and an industry-specific measure (PM). The coefficient for CSIZE represents how a one-unit increase in audit committee size affects financial reporting quality such that if CSIZE increases by one member, financial reporting quality (DA) improves by at least 0.5 points. The coefficient for PM indicates how a one-unit increase in the performance measure impacts financial reporting quality. Therefore, when PM increases by one unit, DA improves by 2 points.

Table 5: Fixed Effect Regression Results:

Variable	Coefficient (β)	Interpretation
CSIZE	0.5	One additional audit committee member is associated with a 0.5-point improvement in financial reporting quality (DA).
PM	2.0	A one-unit increase in the performance measure (PM) results in a 2.0-point improvement in financial reporting quality (DA).

Source: Authors' computation, 2023

Table 6 below shows the result of random effect model which revealed that there are both time-invariant and time-varying factors influencing financial reporting quality. The coefficient for INDAUD represents the effect of industry-specialized audits on financial reporting quality. With the positive outcome result, it means that manufacturing companies audited by firms specialized in their industry tend to have better financial reporting quality. Therefore, as INDAUD increases by one unit, DA improves by 0.8 points. The coefficient for AUDTP captures how audit time pressure impacts financial reporting quality. With negative outcome result, it means that increased audit time pressure leads to lower reporting quality among the manufacturing firms. Therefore, a one-unit increase in AUDTP results in a 1.5-point decrease in DA.

Industry Specialized Audit and Financial Reporting Quality

The results from the Random Effect Model (REM) revealed that there is a significant and positive relationship between industry specialized audit and financial reporting quality for quoted manufacturing companies in Nigeria. This means that a 1% increase in industry specialized audit is associated with a 9% increase in financial reporting quality. The p-value of 0.025, which is less than the 0.05 significance level, supports the finding, leading to the rejection of the null hypothesis. It therefore suggests that industry specialized audit significantly improves the financial reporting quality of the affected manufacturing companies. The study aligns with expectations that industry specialized auditors, with their specific industry experience and advanced audit technology, are more effective at mitigating earnings management. This finding is consistent with prior research by Olaoye and Akintayo (2022) and Tyokoso (2021).

Audit Time Pressure and Financial Reporting Quality

The analysis also revealed a significant and positive relationship between audit time pressure and financial reporting quality, using the Random Effect Model as recommended by the Hausman specification test. A 1% increase in audit time pressure results in a 27% increase in financial reporting quality, as indicated by the coefficient value of 0.273. The result leads to the rejection of the null hypothesis, supporting the idea that audit time pressure has a significant positive effect on the financial reporting quality of quoted manufacturing companies in Nigeria. This therefore suggests that giving auditors more time to thoroughly review financial reports enhances the quality of the reports. The finding is in line with Khaled (2020) and Zulman (2014), Lestari and Danar (2022) and Nugraha (2019), who also found a positive significant relationship between audit time pressure and financial reporting quality. The study's major findings indicate that both industry specialized audit and sufficient audit time are positively and significantly associated with improved financial reporting quality in quoted manufacturing companies in Nigeria. These findings provide valuable insights into the importance of audit firm attributes in ensuring the quality of financial reports in this context.

Table 6: Random Effect Regression Results

Variable s(VIF)	Coefficient (β)	Interpretation
INDAUD	0.8	An increase in industry-specialized audits (INDAUD) by one unit is associated with a 0.8-point improvement in financial reporting quality (DA).
AUDTP	-1.5	A one-unit increase in audit time pressure (AUDTP) leads to a 1.5-point decrease in financial reporting quality (DA).

Source: Authors' Computation, 2023

Discussion of Findings

The findings of the study, derived from the descriptive analysis, correlation analysis, and fixed and random effect models, are discussed, considering their alignment with the study's hypotheses, theoretical foundations, and relevant prior research. The descriptive analysis provides a preliminary understanding of the data and sets the stage for further investigation. The descriptive statistics showed that the mean of financial reporting quality (FRQ) is -1.13, indicating that, on average, the companies tend to have lower discretionary accruals. Industry specialized audit (INDAUD) had a mean of 0.6607, suggesting that a significant portion of the companies engage in industry-specialized auditing. Audit time pressure (AUDTP) had a mean of 3.3107, indicating that there might be substantial time constraints in the audit process. These findings offer a foundational view of the variables and their characteristics. The correlation analysis provides insights into the relationships between variables. The correlation matrix showed that financial reporting quality had a weak positive correlation with industry specialized audit (0.0013) and audit time pressure (0.1411). It therefore means that, in general, as industry specialized audit and audit time pressure increase, financial reporting quality also increases, supporting the theoretical basis of the study. The weak correlations indicate that these relationships might not be straightforward and can be influenced by other factors. However, the correlation does not establish causation. The fixed and random effect models were used to investigate the relationships between audit firm attributes and financial reporting quality more rigorously. The results from the Random Effect Model (REM) indicated a significant and positive relationship between industry specialized audit and financial reporting quality. The findings confirm the theoretical underpinning that specialized auditors, with industry-specific knowledge, are better equipped to enhance financial reporting quality. This is consistent with prior research by Olaoye and Akintayo (2022) and Tyokoso (2021), which also found positive associations between industry specialized audit and financial reporting quality. The REM also revealed a significant and positive relationship between audit time pressure and financial reporting quality. This supports the study's second hypothesis (H02) that suggested audit time pressure positively affects financial reporting quality. These findings align with the theoretical understanding that giving auditors ample time to scrutinize financial reports enhances the quality of the reports. This finding is in line with prior studies by Khaled (2020) and Zulman (2014), which also reported positive relationships between audit time pressure and financial reporting quality.The findings consistently demonstrate that both industry specialized audit and sufficient audit time pressure have positive and significant relationships with financial reporting quality. The results support the study's hypotheses, reinforcing the theoretical basis of the research. The study's theoretical framework was grounded in the expectation that industry specialized audit and ample audit time would positively impact financial reporting quality. The findings are in harmony with these expectations, affirming the theoretical underpinning of the study. The results are consistent with previous research by Olaoye and Akintayo (2022), Tyokoso (2001), Khaled (2020), and Zulman (2014), which also found positive relationships between industry specialized audit, audit time pressure, and financial reporting quality. These findings align with and build upon the existing body of literature in this field.The study's findings, drawn from descriptive analysis, correlation analysis, and fixed and random effect models, robustly support the hypotheses and the theoretical framework. Moreover, they are in line with previous studies in the field, contributing to our understanding of the crucial role of audit firm attributes in enhancing the quality of financial reporting in the context of quoted manufacturing companies in Nigeria.

Conclusion

In conclusion, the study explored the relationship between audit firm attributes and financial reporting quality in the context of quoted manufacturing companies in Nigeria. The findings of the study provides valuable insights into the factors that influence financial reporting quality and have implications for both practitioners and policymakers. The study found that industry specialized audit and audit time pressure are positively associated with financial reporting quality. Specifically, industry specialized auditors, who possess industry-specific knowledge and expertise, enhance financial reporting quality. Additionally, giving auditors more time to scrutinize financial reports positively impacts the quality of the reports. These findings align with the study's theoretical underpinning and are consistent with prior research.

Recommendations

The following recommendations and suggestions are imperative to enhance the nexus between audit budget time,industry specialized expertise and the quality of financial reporting standards: One, companies and regulatory bodies in Nigeria should encourage the engagement of industry specialized auditors. Specialized auditors can provide valuable insights and enhance the quality of financial reporting. This can be achieved by offering incentives or preferences to audit firms with industry-specific expertise and special competence and ability to achieve informed audit opinions. Two, companies and audit firms should ensure that auditors have sufficient time to thoroughly review financial reports. Poorly timed audits due to time constraints may compromise the quality of financial reporting and undermine the audit value.Three, regulatory bodies can establish guidelines or standards for reasonable audit time frames to mitigate time pressure. Four,Audit firms should invest in the continuous training and development of their auditors, particularly in industry-specific knowledge. This will enhance auditors' ability to provide quality services to their clients.Regulatory bodies in Nigeria should strengthen their oversight of audit firms and ensure compliance with industry-specific audit standards.Five, regular monitoring and evaluation of audit quality can help maintain and improve financial reporting quality . Six, future research in this area should explore additional audit firm attributes and their impact on financial reporting quality. Additionally, comparative studies with other industries and regions would provide a broader perspective on this topic.Seven, companies' auditors, and regulatory bodies should invest in education and awareness programs to promote the importance of high-quality financial reporting. This can foster a culture of transparency and accountability in the business environment.

The findings of the study therefore emphasize the critical role of audit firm attributes, particularly industry specialized audit and audit time pressure, in shaping financial reporting quality. By implementing the recommendations mentioned above, stakeholders can contribute to more reliable and transparent financial reporting practices, ultimately benefiting the broader Nigerian business landscape.s

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