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AUDIT QUALITY ON FINANCIAL REPORTING QUALITY IN PHARMACEUTICAL COMPANIES IN NIGERIA

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Abstract

The study examined the impact of auditor independence and auditor tenure on the financial reporting quality of listed pharmaceutical companies in Nigeria. Using a cross-sectional survey research design, primary data were collected through structured questionnaires from 180 respondents selected via simple random sampling from pharmaceutical companies in Nigeria. Descriptive statistics, correlation analysis and panel regression analysis were used to analyze the data. Results revealed strong positive and statistically significant correlations between auditor independence, auditor tenure, and financial reporting quality. The regression analysis confirmed that both auditor independence and auditor tenure have positive and statistically significant effects on financial reporting quality, leading to the rejection of the two null hypotheses. In conclusion, both auditor independence and tenure significantly enhance the transparency, reliability, and credibility of financial reports in the Nigerian pharmaceutical sector. The study recommends that companies and regulators strengthen auditor independence through ethical guidelines, manage auditor tenure effectively, enforce sector-specific audit standards, invest in specialized training, and improve corporate governance to boost reporting integrity, stakeholder confidence, and sectoral growth.

Keywords: *Audit Quality, Auditor Independence, Auditor Tenure, Financial Reporting Quality, Pharmaceutical Companies*

1.0 Introduction

The pharmaceutical sector is a crucial component of the global economy and public health systems, supplying vital medicines, vaccines, and healthcare solutions (Korolo, 2025; Nwineewii et al., 2025). In developing nations like Nigeria, this industry plays a significant role in fostering economic growth, generating employment, and improving healthcare infrastructure. Companies listed on the Nigerian Exchange (NGX) are pivotal in driving innovation, manufacturing, and distribution within this sector (Korolo, 2025; Oziegb e & Odien, 2022). The reliability of financial reporting in this industry is critical, as it has a direct impact on stakeholder confidence, compliance with regulations, and sustainability (Nwineewii et al., 2025). High-quality financial reporting provides precise, transparent, and trustworthy information to stakeholders, enabling informed decision-making and mitigating risks associated with inaccuracies or irregularities (Korolo, 2025).

The quality of audits is a crucial element in upholding high standards of financial reporting (DeAngelo, 1981; Johnson et al., 2002). According to the International Auditing and Assurance Standards Board (IAASB), audit quality signifies the degree to which an audit guarantees that financial statements are devoid of material misstatements, which includes auditor competence, independence, and adherence to ethical standards (Frankel et al., 2002; Korolo, 2025). In the pharmaceutical sector, known for its complex supply chains, rigorous regulatory scrutiny from organizations such as the Pharmacists Council of Nigeria (PCN), and significant investments in research and development, thorough auditing is essential for detecting and averting discrepancies (Nwineewii et al., 2025). Foundational studies have established a connection between high audit quality and reduced earnings management, as well as enhanced reliability of disclosures (DeAngelo, 1981; Johnson et al., 2002). Recent research in Nigeria, especially within the pharmaceutical and healthcare sectors, indicates that characteristics of audit companies, such as size, tenure, and independence, impact reporting results, although findings differ across various metrics (Korolo, 2025; Nwineewii et al., 2025).

The relationship between the dimensions of audit quality, specifically independence and tenure, and the quality of financial reporting warrants careful analysis within Nigeria's changing regulatory landscape (Frankel et al., 2002; Johnson et al., 2002). Auditor independence, which is secured through measures that prevent conflicts (such as the separation from non-audit services or affiliations with companies), fosters objectivity and minimizes bias in reporting (Frankel et al., 2002; Tonade, 2025). Evidence from Nigeria, particularly in related sectors and the healthcare/pharmaceutical fields, indicates that independence improves the reliability of reporting; however, issues such as familiarity arising from tenure can pose challenges (Saeed et al., 2026; Korolo, 2025). Auditor tenure, defined as the duration of the auditor-client relationship, may cultivate specialized knowledge but also carries the risk of complacency or diminished skepticism (Johnson et al., 2002; Oziegbe & Odien, 2022). In the pharmaceutical industry, longer tenure has been linked to enhanced quality of disclosure in certain non-financial aspects, although there are varying effects on fundamental financial reporting, with some research highlighting possible adverse consequences from extended relationships (Korolo, 2025). Considering the sector's dependence on long-term expertise and specialized oversight, these factors can significantly influence the quality of earnings, the completeness of disclosures, and overall transparency (Nwineewii et al., 2025).

Despite the existing evidence, pharmaceutical companies listed in Nigeria continue to encounter difficulties regarding the quality of financial reporting, including inconsistent

disclosures, the potential for manipulation, and gaps in oversight, all of which erode confidence and market efficiency (Korolo, 2025). This situation is further exacerbated by the lack of sector-specific empirical research concerning the role of audit quality amidst regulatory changes and operational pressures (Nwineewii et al., 2025). The fundamental issue lies in the ambiguous extent to which audit quality enhances the integrity of financial reporting within this vital industry, which could lead to erroneous decisions by stakeholders, failures in compliance, and impediments to progress within the sector (Korolo, 2025; Oziegbe & Odien, 2022). To bridge this gap, the current study intends to investigate the influence of audit quality on the financial reporting quality of listed pharmaceutical companies in Nigeria, to assess the impact of auditor independence on the financial reporting quality of these companies, and to analyze the effect of auditor tenure on the financial reporting quality of listed pharmaceutical companies in Nigeria.

To achieve this study research objectives, the following null hypotheses are formulated:

H_{01}: Auditor independence has no significant impact on the financial reporting quality of listed pharmaceutical companies in Nigeria.

H_{02}: Auditor tenure has no significant impact on the financial reporting quality of listed pharmaceutical companies in Nigeria.

2.0 Literature Review

2.1 Conceptual Review

2.1.1 Financial Reporting Quality (FRQ)

Financial Reporting Quality (FRQ) pertains to the precision and dependability of both financial and non-financial data generated through the financial reporting process, which is crucial for enabling informed decision-making by investors, regulators, and other stakeholders (Choi & Pae, 2011; Herath & Albarqi, 2017). Financial Reporting Quality (FRQ) denotes the extent to which financial reports deliver useful, reliable, and decision-relevant information to users, including investors, creditors, regulators, government officials, and other stakeholders. It signifies how accurately the financial statements reflect the economic reality of an organization, thereby enabling users to make informed economic choices. High-quality financial reporting transcends mere adherence to accounting standards; it encompasses the degree to which the information aligns with the qualitative characteristics of useful financial information as specified in the Conceptual Framework for Financial Reporting (International Accounting Standards Board [IASB], 2018; Herath, 2023). The quality of financial information is

fundamentally assessed based on two primary qualitative characteristics: relevance and faithful representation. Relevance indicates that the information can potentially affect users' economic decisions by having predictive value, confirmatory value, or both, while also taking materiality into account. Faithful representation necessitates that the information accurately, completely, and impartially reflects the economic phenomena it aims to depict, devoid of material error or bias (IASB, 2018; Accounting Cafe, 2024). For financial information to be deemed useful, it must embody both relevance and faithful representation. It includes the transparency, relevance, and accuracy of financial information, ensuring that financial statements accurately represent the true economic status of an entity without significant misstatements (IASB, 2018; Alwardat, 2019). Elements that affect FRQ comprise the disclosure of financial information, the selection of accounting policies, and the entity's overall understanding and adherence to standards such as International Financial Reporting Standards (IFRS) (Jonas & Blanchet, 2000). A high level of FRQ diminishes information asymmetry between management and external users, thus improving market efficiency and bolstering investor confidence (Aifuwa, Embele & Saidu, 2018; Mstoi, 2020).

Financial Reporting Quality (FRQ) is essential for reducing corporate scandals and failures, as it serves as a foundation for assessing an entity's financial robustness and informing investment choices (Maryam et al., 2023; Ajape et al., 2018). The main aim of preparing financial statements is to provide high-quality information that supports economic, investment, and financing decisions. However, subjective management practices in areas such as recognition, measurement, presentation, and disclosure can compromise this objective (Salma & Maha, 2022; Ari, 2021; Oluyinka et al., 2020; Aliya, 2023; Solomon & Clement, 2024). Regulatory bodies, including the International Accounting Standards Board (IASB) and the International Auditing and Assurance Standards Board (IAASB), stress that FRQ relies on compliance with established regulations, which minimizes the risk of misstatements and enhances credibility (IASB, 2018; IAASB, 2014; Ibrahim & Ali, 2018; Itoro & Daferighe, 2019). Inadequate FRQ, frequently associated with earnings manipulation or insufficient disclosures, has been linked to corporate failures underscoring the necessity for objective reporting to safeguard stakeholder interests (Nickolas, 2015; Adeleke, 2016; Amahalu, Abiahu & Obi, 2017; Reuters, 2018).

2.1.2 Audit Quality

Audit quality refers to the likelihood that an auditor will identify and report a violation or significant misstatement within a client's accounting framework, thus ensuring the dependability and integrity of financial statements (DeAngelo, 1981; Ikeagwu, 2024). It is

crucial in diminishing information asymmetry between management and stakeholders, including investors and creditors, by offering reasonable assurance that financial reports are devoid of major errors or fraud, which consequently reduces the cost of capital and fosters efficient capital markets (Watts & Zimmerman, 1986; Heil, 2012; IAASB, 2011; ISB, 2000; Miettinen, 2011; Farouk & Hassan, 2014). In Nigeria, the quality of audits is vital for tackling corporate scandals and governance deficiencies, especially in industries such as oil and gas, insurance, healthcare, and cement, where financial misreporting has resulted in investor losses and diminished public confidence (David et al., 2024; Ikeagwu, 2024; Salome, 2025; Farouk, 2014; Ajape et al., year unspecified; Oboh & Ajibolade, 2018; Olaoye et al., 2020; Reuters, 2018). Rooted in agency theory, high audit quality alleviates conflicts between owners and managers by fostering impartial evaluations and aligning interests (Deden et al., 2019; Ogbeifun & Olorunsola, 2020; Ado et al., 2020; Eshitemi & Omwenga, 2016; Matoke & Omwenga, 2016; Nickolas, 2015; Adeleke, 2016; Amahalu et al., 2017).

2.1.3 Auditors Independence

Auditor independence is considered the foundation of the audit profession, as it is seen as essential for maintaining public trust (Akther & Xu, 2020). It is understood to encompass both "independence of mind and independence in appearance" (Ajape et al., 2021), ensuring that an external auditor can report any identified material misstatements in the financial statements resulting from fraud or error (Otuya, 2019). The guidelines provided by the IFAC code assist auditors in adhering to statutory and professional standards when delivering audit services (Salawu, 2017). Empirical research (Ebo; 2016; Okezie & Uchenna, 2019; Olanisebe et al., 2020) has evaluated audit independence through factors such as audit fees, tenure, and firm rotation, revealing a significant relationship and influence on financial reporting.

2.1.4 Auditor Tenure

Audit tenure denotes the duration for which an audit firm has been engaged with a client. According to Myers, Myers, and Omer (2018), a longer tenure can lead to a better understanding of the client's operations by the auditor, which may improve the quality of the audit. Conversely, Johnson and Reynolds (2018) warn that prolonged tenure could jeopardize auditor independence, potentially diminishing audit quality due to excessive familiarity with the client. Thus, while longer auditor tenure offers certain benefits, it also carries significant risks.

2.2 Theoretical Framework

2.2.1 Agency Theory

The agency theory elucidates the relationship between agents (management of organizations) and principals (shareholders), as propounded by Jensen and Meckling in 1976. Conflicts of interest arise between managers and stakeholders due to the dispersion of ownership and control in contemporary business practices. In decision-making, the agent may inadvertently act against the principal's directives, prompting the principal to create suitable incentives for the agent, which in turn incurs monitoring costs (Aliyu, Musa & Zachariah, 2015). The limited information accessible to shareholders complicates their ability to assess the favorableness (or lack of it) of decisions made by management. This situation may lead shareholders to implement a monitoring mechanism, such as auditing, to oversee management's decision-making processes within the organization. Consequently, the audit fee emerges as a bonding cost incurred by agents to a third party, fulfilling the principals' demand for accountability (Estitemi & Omwenga, 2016). According to Okpala (2015), auditing enhances stakeholders' confidence in financial statements due to the credibility it imparts. Therefore, agency theory functions as a significant economic framework for accountability from management to shareholders. A high-quality audit can reduce the information gap between management and stakeholders, thereby serving as the foundation for quality financial reporting.

2.3 Empirical Review

Musa and Shehu (2024) sought to investigate the influence of audit quality, particularly the size and independence of auditors, on the financial performance of publicly listed cement companies in Nigeria. The study utilized a descriptive, correlational, and ex-post facto research design, drawing on secondary data from the annual reports of four companies covering the years 2000 to 2010, and performed multiple regression analysis using SPSS. The research was based on agency theory, which is reflected in its emphasis on mitigating information asymmetries through audits. The results indicated that both auditor size and independence have significant positive effects on financial performance, with independence having a more pronounced effect than size.

Twaha et al., (2021) aimed to investigate the connection between corporate governance characteristics, including board expertise, independence, and role performance, as well as internal audit quality and financial reporting quality within Uganda's financial institutions. The study employed a cross-sectional and correlational methodology, distributing questionnaire

surveys to CFOs, accountants, and internal audit managers from various financial institutions, and subsequently analyzed the data using SPSS. The theoretical framework was based on agency theory and the IASB Conceptual Framework (2018) concerning financial reporting quality. The results revealed that board expertise and role performance have a significant correlation with financial reporting quality, while internal audit quality shows a positive relationship; however, board independence was found to be insignificant. The study concluded that both corporate governance and internal audit quality play a crucial role in enhancing financial reporting quality in financial institutions, recommending the fortification of board expertise and internal audit functions, and urging regulators to implement governance standards.

Korolo (2025) examined the impact of audit quality, as indicated by the size of the audit firm, the duration of tenure, and the fees charged, on the financial reporting quality of publicly listed healthcare companies in Nigeria. The research employed an ex-post facto design utilizing panel data from healthcare companies over an unspecified timeframe, implementing an autoregressive model alongside regression analysis. Agency theory was referenced, highlighting the importance of audits in mitigating asymmetries and fraud. The results indicated that the size of the audit firm has a significantly positive impact, while tenure has a significantly negative effect, and fees are positively correlated but not significant, with the model accounting for 21.6% of the variance.

Ekundayo et al., (2024) investigated the connection between audit quality, evaluated through committee size, fees, and independence, and the profitability of manufacturing companies in Nigeria. The study adopted a panel data analysis utilizing secondary data from 10 manufacturing companies over a 10-year unspecified timeframe, executing regression analysis with unspecified software. The theoretical framework employed was agency theory, which emphasized the audit's function in improving financial performance and shareholder wealth. The results indicated a significant positive correlation between audit quality and profitability, highlighting that skilled and independent auditors contribute to enhanced profitability. The study concluded that audit quality has a positive effect on profitability in manufacturing companies, recommending that companies invest in skilled, independent auditors and that regulatory bodies enforce audit standards.

Xiaosong and Zongjin (2025) conducted an empirical study to explore the connection between audit fees, categorized as abnormal or reasonable, and the quality of financial reporting in

publicly listed Chinese companies. The study employed empirical techniques utilizing secondary data from 25,482 A-share companies over a period that was not specified, implementing regression analysis along with the proportion method for the classification of fees. The theoretical framework they adopted was agency theory, which emphasizes the impact of audit fees on audit opinions and overall quality. The results indicated that reasonable fees have a positive correlation with quality, whereas abnormal fees exhibit a negative correlation. The study concluded that the categorization of audit fees is an effective proxy for assessing financial reporting quality, advising regulators to keep a close watch on abnormal fees and encouraging companies to maintain reasonable fees to enhance quality. Aliya (2023), examine the relationship between audit quality and financial reporting transparency. The study adopted grounded theory. The qualitative research design was adopted for the study. The study revealed that there is positive link between audit quality dimensions and transparency. Also, the study revealed that audit qualities enhance financial reporting transparency, and critical for stakeholders' trust. The study recommended that stakeholders should prioritize auditor independence and ethical conduct.

Hauwa et al., (2024), investigated the moderating effect of internal control system on the relationship between audit quality (fees, size, and tenure) and financial reporting quality of listed oil and gas firms in Nigeria. The study adopted Agency Theory as a fundamental theory that underpinned the study. The study uses regression analysis to analyze the data collected from 10 oil and gas firms in Nigeria. The study found out that audit fees and size have significant and positive impact on financial reporting quality of listed oil and gas firms in Nigeria. Furthermore, auditors' tenure has insignificant impact on financial reporting quality with internal control system as a mediating variable. The study recommends that the companies should sustain and improve their internal control composition and regulators should enforce the standards.

Salma and Maha (2022) examined the effect of audit quality (fees, tenure, size) on financial reporting quality (earnings management, conservatism) in Egyptian listed firms. The study utilized Agency Theory. The data utilized secondary data from 152 non-financial firms. The study used regression analysis to analyze the gathered data between 2016 – 2020. The study revealed that there is positive relationship between size and fees and financial reporting quality. Also, there is negative relationship between auditors' tenure and financial reporting quality.

Fawzi and Muhammad (2020), examine the effect of financial reporting quality and audit quality on investment efficiency in Gulf Cooperation Council (GCC) economics, and whether auditor quality moderates the association. The study utilized secondary data sampled 150 listed firms in Gulf Cooperation Council (GCC). The study revealed that financial reporting quality has significant positive relationship with investment efficiency. Furthermore, it was also revealed that audit quality has a positive direct and moderating effect. The study recommends that efforts should be made towards improving financial reporting quality and audit quality for better investment decisions.

Sarah (2024) studied the impact of audit quality on the financial performance of quoted insurance companies in Nigeria. The study was built on Agency Theory. The study used secondary data from the sampled listed insurance firms in Nigeria. The study used regression analysis to analyze the gathered data. The study revealed that there is significant and positive relationship between auditor independence with Return on Asset (ROA). The study concluded that high-quality audits are important in the insurance sector. The study recommends that efforts should be made towards enhancing auditor independence through rotation and as well as engaging specialized auditors.

3. Methodology

3.1 Research Design

This research utilized a cross-sectional survey research design. The cross-sectional survey design entails gathering data from a sample of respondents at a particular moment using a structured questionnaire. This design was deemed the most appropriate for the study as the primary variables, audit quality and financial reporting quality, are inherently perceptual and subjective. These variables can be most effectively evaluated through the insights, experiences, and perceptions of key stakeholders, including accountants, internal auditors, external auditors, finance managers, and other financial professionals within pharmaceutical companies in Nigeria.

3.2 Population and Sampling

The study's population comprises all pharmaceutical companies in Nigeria which made up of One-Hundred and Two (102) listed pharmaceutical companies in Nigeria. A purposive sampling technique to give every company an equal chance of being selected for the study was used to enroll participants. The sample size for this study was derived using Yamane sample

size formula; thus, the sampling size for the research is Eighty-One (81) in line with the Yamane Sample size.

$$n = \frac{N}{1+N \times (e)^2}$$

Where:

n = the sample size

N = the population size

e = the acceptable sampling error

$$n = \frac{102}{1+102 \times (0.05)^2}$$

n = 81

3.3 Data Collection

Primary data for this study were collected through a structured questionnaire specifically designed to elicit the perceptions and opinions of respondents on the impact of audit quality, particularly auditor independence and auditor tenure, on the financial reporting quality of listed pharmaceutical companies in Nigeria. The questionnaire, which served as the sole source of primary data, was divided into sections that captured respondents' demographic information, their views and experiences regarding auditor independence, opinions on auditor tenure, and assessments of financial reporting quality. Respondents, comprising accountants, internal auditors, external auditors, and finance managers within the pharmaceutical companies, expressed their perceptions using a Likert-scale format ranging from Strongly Agree to Strongly Disagree on various statements relating to the study variables. This approach enabled the collection of direct insights into the subjective experiences, professional judgments, and observable practices of key stakeholders directly involved in auditing and financial reporting processes in the sector. The questionnaire was administered to three-hundred and twenty-four (324) respondents selected through a purposive sampling from pharmaceutical companies in Nigeria, ensuring that the data accurately reflected the genuine perceptions and opinions of those who are actively engaged in the industry's financial reporting and audit environment.

3.4 Model Specification

The study adapts the model by Ajape et al., (2024) to assess the impact of audit quality on financial reporting quality in Nigeria.

The model for this study is expressed as follows:

$$FRQ = \beta_0 + \beta_1 \mathrm{AI}IND + \beta_2 \mathrm{AT} + \mu$$

Where:

FRQ = Financial Reporting Quality

AIND = Auditors Independence AT= Auditors'

Tenure it= i' stands for company while 't' for time

β_0 = Intercept

β_1 & β_2 = Coefficients of the independent variables

Apriori Expectation: $\beta_1>0$, $\beta_2>0$,

3.5 Data Analysis

The study utilized descriptive statistics and panel data regression estimation were employed to provide a summary measure of the variables and to analyze the impact of audit quality on financial reporting quality in pharmaceutical companies in Nigeria.

4.0 Data Presentation and Analysis

Descriptive Statistics

Table 4.1: The summary of the descriptive statistics of the variables

Variables	Min.	Max.	Mean	Std. Dev.
FRQ	0.50122	0.75106	0.317012	0.511652
AIND	0.81729	1.52016	0.421741	0.015352
AT	0.32035	0.81251	0.321015	0.209075

Source: Researcher's Computation, 2026

The descriptive statistics reveal important insights into the variables. Financial Reporting Quality (FRQ) recorded a mean value of 0.317012 with a high standard deviation of 0.511652, indicating substantial variability in the quality of financial reports across the sampled pharmaceutical companies.

Regarding the independent variables, Auditor Independence (AIND) shows a mean value of 0.421741 with a very low standard deviation of 0.015352. This suggests that auditor independence is consistently maintained at a moderate level across the companies with minimal variation. Descriptively, this implies that the relatively stable and consistent level of auditor independence is likely contributing positively to the overall financial reporting quality in the

sector, as low dispersion indicates that most companies uphold similar independence practices that support reliable and transparent reporting.

Auditor Tenure (AT) has a mean of 0.321015 and a standard deviation of 0.209075. This indicates that auditor tenure is generally low to moderate on average, with moderate variation across the sampled firms. Descriptively, this moderate and somewhat consistent auditor tenure suggests a balanced auditor-client relationship that may enhance financial reporting quality by providing auditors with sufficient familiarity with the company's operations and pharmaceutical industry specifics, while avoiding excessive familiarity that could impair objectivity. The relatively low average tenure implies that companies are not overly reliant on long-term auditor relationships, which could support sustained credibility and reliability in financial reports.

Correlation Matrix

The correlation matrix illustrates the extent of the relationship between the dependent and independent variables of the study, as well as the relationships among the independent variables themselves.

Table 4.2: A summary of the associations between the study variables is provided in a table.

Variables	FRQ	AIND	AT
FRQ	1		
AIND	0.8587***	1	
	(0.00018)		
AT	0.60151***	-0.0321***	1
	(0.00021)	(0.0001)	

Source: Researcher's Computation, 2026

Table 4.2 reveals that Auditors' Independence and Auditor Tenure of the sampled companies are positively and strongly correlated with Financial Reporting Quality of the sampled companies. The values of 0.8587, and 0.60151 of the variables indicated p-values of 0.00018, and 0.00021 respectively are significant at 1%

The relationship of the independent variables among themselves indicates that they are insignificantly correlated among themselves. Thus, auditors' tenure is negatively and statistically insignificantly correlated with auditor independence of the sampled companies

with the value of -0.0321 and p-value of 0.0001. The overall relationship of the independent variables among themselves is insignificant, though this may not be enough to surmise that multicollinearity exists among the explanatory or exogenous variables of the study unless the variance inflation factor and tolerance values are comparatively beyond the established threshold. Thus, the tolerance value and variance inflation factor (VIF) are advanced measures for assessing harmful multicollinearity among explanatory variables. The variance inflation factor and tolerance values are determined with the use of STATA 10 and were found to be concurrently smaller than ten and one respectively, indicating the absence of harmful multicollinearity. This, therefore, indicates the adequacy of fitting the model of the study with four independent variables.

Analysis of Regression Results and Discussion of Findings

Table 4.3: Regression Results

Variables	**Coefficient**	**T-Values**	**P-Values**	**Tolerance**	**VIF**
FRQ (Constant)	0.316015	2.51282	0.00042		
AIND	1.417210	1.72573	0.0002	0.41051	2.32
AT	0.321622	0.617231	0.00018	0.42631	2.22
Wald Chi^2	32.32				
Prob. Chi^2			**0.0000**		

Source: Researcher's Computation, 2026

The above table shows that the functional relationship between the dependent and independent variable is:

FRQ= 0.316015 + 1.417210AIND + 0.321622AT

The above table shows that Auditor's Independence has positive significant impact on Financial Reporting Quality of the sampled companies. This can be observed from the value of beta the coefficient of 1.417210 with p-value of 0.0002 indicating that the p-value is statistically significant at 5%. This implies that auditors' independence significantly affects the financial reporting quality of the sampled, companies. Thus, the finding is in line with the finding of Musa and Shehu (2024), found out that auditor size and independence have significant positive effects on financial performance. Furthermore, the table revealed that.

Auditor's Tenure has positive significant impact on Financial Reporting Quality of the sampled companies in Nigeria. This can be observed from the value of beta the coefficient of 1.417210 with p-value of 0.00018 indicating that the p-value is statistically significant at 5%.
This implies that Auditor's Tenure significantly affects financial reporting quality of the sampled companies in Nigeria.

5.0 Conclusion and Recommendations

The study examined the impact of auditor independence and auditor tenure on the financial reporting quality of listed pharmaceutical companies in Nigeria using primary data collected from 180 respondents. The findings revealed that both auditor independence and auditor tenure have positive and statistically significant effects on financial reporting quality, leading to the rejection of the two null hypotheses. The study therefore concludes that auditor independence and auditor tenure play a significant role in enhancing the transparency, reliability, and credibility of financial reporting in the Nigerian pharmaceutical sector. Based on these findings, it recommends that pharmaceutical companies strengthen auditor independence through strict adherence to ethical standards and effective tenure management, while regulatory authorities should enforce compliance with audit quality standards. Furthermore, companies should strengthen corporate governance practices and provide continuous professional training for auditors and accounting personnel to improve financial reporting quality, enhance stakeholder confidence, and promote sustainable growth in the pharmaceutical sector.

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