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Asset Base, Change in Management and Audit Switching in Nigeria: Empirical Evidence

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ABSTRACT

The study examined asset base, change in management and audit switching. The study adopted the ex-post facto research design and used longitudinal data collected from the financial reports of the firms for the various years. The study used: assets base (complexity), change in management, as explanatory variables while audit switching was used as response variable. The data collected were analysed using regression analysis. However some preliminary analysis like descriptive statistics, correlation, and variance inflator analysis were carried out to ascertain the normality and check for the presence of multi-colinearity. The findings show that the variables selected for the study positively influence audit switch among health care firms in Nigeria. The specific finding shows that assets base and change in management has positive and significant influence on audit switching among health care firms in Nigerian. The study recommends among others that to reduce the audit switching, shareholders should use consider the special skill requirement before engaging an auditor.

Keywords: Asset Base, Change in Management, Audit Switch

1.0 INTRODUCTION

The Nigerian company laws require all companies to have their financial reports audited by an independent public accountant, those companies are vested with the responsibility of the preparation and fair presentation of these financial reports to board of directors (executive and non executive director) who represent the interest of various stakeholders (Abubakar, 2016).

The auditors play a vital role in reducing the risk of information asymmetry arising from the separation of ownership from control, which according to Huson, Ali and Shamsher (2000) is one of the prime reasons behind the demand for audit and auditing services. However, there are varied options of audit firms that can be engaged, available to the Board (representing the agent and principal). Most often, due to the changes in reporting standards, specialized skill and uniqueness of the firms operation the choice of an audit firm(s) to be engaged has become one of the most important decisions taken by any Board.

Though there are general benefits that can accrue from the use of auditor to the firm. The benefit of engaging the services of an auditor ranges from reducing information risk, reduce potential agency conflicts (Matonti 2016) improve investor's confidence, improving internal processes, operational efficiency, and effectiveness since the auditor must assess the client's internal control reliability. Several factors may affect a firms' decision to switch auditor, such reasons includes, disagreement about content of financial reports (Addams & Davis, 1994), disagreement about auditor opinion, change of management (Beattie & Fearnley, 1998), auditor fees (Ismail & Aileahmed, 2008), size of the audit firm, tenure of auditor, and audit firm reputation. When Board of directors have the option to choose from a wide range of audit firms, coupled with some directors incentives to choose a particular auditor, the desire to change auditor may look appealing to director (Woo & Koh, 2001).

Lu and Sivaramakrishnan (2009) believe that the argument for auditor switching promotes the mandatory rotation of the audit firm as a means of enhancing the compliance to the fundamental audit principles or reducing the familiarity threat which offer the new auditor a fresh look at the firm's annual financial report and hence ostensibly improving independence and audit quality.

The mandatory limit for auditor tenure introduced by the Company and Allied Matter Act 2004 (amended) as a way of reducing the familiarity threat and market concentration may not have effectively impacted on the audit rotation as most firms switch from one audit firm to another. Beside the mandatory limit, there are other factors that can lead to audit switch, but much empirical has not been done to ascertain the extent they influence the decision of firms switching from one audit firm to another in Nigeria.

Results of previous studies on audit switching and their causes were mixed. For instance, the study of Olowookere, (2016), found out that the propensity to change auditors was positive and significantly associated with Audit fees, initial public offerings, length of the audit service. However, some studies found significant negative association between auditors switching and industry specialisation (Woo & Koh, 2001) and size (Hudaib & Cooke, 2002). While some studies found no significant relationship between audit switching and firm distress, growth, top tier auditor, industry specialization, size, leverage top management change, and audit fee change, studies like that of Woo and Koh, (2001), Hudaib and Cooke, (2002), Arezoo, Zakiah and Azam 2011), Andreas, (2019), Abubakar (2016). Therefore, this study was carried out to evaluate asset base, change in management and audit switching among listed health care firms in Nigeria. To achieve this purpose, these hypotheses were formulated:

H_{01}: Asset base has no significant relationship with audit switching in Nigeria.

H_{02}: Change in management has no significant relationship on audit switching in Nigeria.

2.0 Review of Related Literature

Audit Switching

According to Lu and Sivaramakrishnan (2009), audit switching is the process of changing from one auditing firm to another audit firm. Auditor switch decision involves change of incumbent auditor resulting in the choice of quality differentiated audit firms to realign the characteristics of the audit firm, with the growing need of firms under changing circumstances (Huson, Joher, Shamsher & Annuar, 2000).

Nazri (2012) believed that switching auditor is perceived as a negative sign. As the auditor who wishes not to lose its clients is forced to let go while the clients may hide the truth of firm's performance and incur more costs. Firms may incur both direct and indirect costs when they decide to change auditors, so likely question that can arise is the reasons behind auditor change when there are direct and indirect costs associated with it. Different factors may have impact on auditor switch such as disagreements about content of financial reports (Addams & Davis, 1994), disagreement about auditor opinion, and change in management (Beattie & Fearnley, 1995), audit fees (Addams & Davis, 1994).

Assets Base

The assets base are the volume and number of productive assets a firm maintain from time to time. It is a proxy for firms size and complexity (Aroh, Odum & Odum 2017).

The assets base of a firm can be combination of physical, and non-physical asset, which are strong sources of future economic gain and to some degree they can be retainable and tradable (Lev & Daum 2004). The non-physical (intangible assets), Intangible assets includes Research and Development (R&D), patents, trademarks, human resources and capabilities, organisation competencies (like database and technology), and relational capital. The tangible assets are the immovable assets which cannot be easily converted into cash. The tangible assets constitute major proportion of total assets of the firms. It has been empirically established that assets is an influencing factor for leverage. Thus firms with high level of tangible assets maintain high debt ratio compare to firm with low level of tangible assets. Assets base is a concept which used to show the nature of the operational activity of the firm. Assets base can arise from the composition of the asset, operational, financial and/or transactions (Newton & Ashton, 1989). According to Jost (2010), business complexity is the condition of having several interdependent and interconnected stakeholders, information technology systems and organizational structures. The stakeholders of the firm includes; employees, customers, partners, suppliers, regulators, investors, media and competitors. The level of assets base can depend on the number of interconnections and their effects on a business operations and activities. For instance, a small table water factory is a simple business in which the number of interconnected activities and stakeholders may be limited to the owner, host community, few employees, one or two suppliers, and a small customer base. Then consider large firm like Nigeria breweries with standards of operation, complex organizational structure, complex organizational operation, decision making, process activities, variety of products and thousands of employees, investors, customers and suppliers. Assets base is seen in the classes of its asset, operational, financial and/or transactional complexity.

Change in Management

Change in management occurs when there is change in the top administrative echelon or in the office of chief executive officer (Hudaib & Cooke, 2005). The change in management can occur as a result of several reasons. Such a change of management may lead to a change of auditor under several scenario: if the incumbent auditor is closely associated with the prior management; if the new manager is seeking a fresh approach; or if the new manager has had favourable prior dealings with the new auditor, during take over (Andreas, 2019). According to Andreas (2019), the replacement of managing director especially when the company is experiencing financial deterioration, is often followed by a switching of auditor, and vice versa. Changes in the management especially in terms of the managing director replacement were always followed by the appointed new auditors to fulfill the new managing director's desire to establish good cooperation with new auditors in the hope of accommodating the selection and application of important accounting policies and to help resolve problems that arise (Khasharmeh, 2015).

Theoretical Framework

Agency Theory

The agency theory discusses a conflict of interest between the agent and the principal. The theory was propounded by Jensen and Meckling in (1976). The agency relationship is a contract in which one or more people (principals) involve another person (agent) to perform some services on their behalf and then delegate some of the decision making authority to the agent. Problems do occur in the relationship when there is disagreement on issues regarding interest and information asymmetry. This conflict can enhance the level of management turnover (Haryanto, 2014).

Most of the problems arising from the conflict of interest arises mainly due to the presence of information asymmetry. The information asymmetry is the imbalance of information distribution between the agent and principal causing unbalanced information (Arifah, 2012). Information asymmetry can occur because the management is more informed or superior in the company than others (owners or shareholders). The existence of information asymmetry between the management (the agent) and the owner (principal) can give the manager an opportunity to act opportunistically, that is to gain personal benefit (Lisa, 2012). The independent auditor is considered to be an intermediary between the two parties of different interests and can reduce the agency costs arising from self-interest by the manager (Robbitasari & Wiratmaja, 2013).

The principal requires an auditor who can assure and also verify information made by management. By this, the auditor is seen as a mediator, as an independent auditor, the audit service help to provide guarantees on the fairness of financial statements without taking sides (Robbitasari & Wiratmaja, 2013).

Agency theory has its roots in economic theory exposited by Alchian and Demsetz (1972), and further developed by Jensen and Meckling (1976). According to Wallis and Klein, (2015) the agency theory assumes a conflict of interest between managers and shareholders of large corporations as a result of the separation of ownership from control. The managers are sometimes motivated to pursue self-interest, which may conflict with the profit maximization objective of the owners. The summary, under the dominant paradigm, the agency relationship between shareholders (principals) and managers (agents) is thwarted by conflict. The agency problem arises primarily from the principals' desire to maximize shareholder wealth and the self-interested agents attempt to expropriate funds. Contracts partly solve this misalignment of interest. The agency theory has been linked with the model which comprises of independent (assets base and change in management) and dependent (audit switching).

Empirical Review

Ugwu (2020) examined the determinants of auditor switching among quoted companies in Nigeria between 2015 and 2019 financial year. The study used: Audit Firm Size, Audit Tenure and Audit Fee as determinant variables. The ex-post facto research design was adopted while the secondary data collected from consumer firms were analyzed using descriptive statistics, correlation, binary Log-it, Pro-bit and Extreme Value regression model. The study found out that audit firm size has a positive and insignificant determinant on auditor switching, Audit tenure has a negative but significant determinant on auditor switching and audit fee has positive and insignificant determinant on auditor switching.

Andreas, (2019) examined the auditor switching behavior of quoted companies in Indonesia Stock Exchange. The study used: audit opinions, the size of public accounting firms and changes in management. The study was conducted on companies that meet 45 index criteria. Data was collected from the sample of 33 companies. The data collected from the sample size was analysis using logistic regression analysis. The results of the study indicate that audit opinions and management changes had no effect on auditor switching, but the size of the public accounting firm has positive effect on the decisions of the public companies' to switch auditor.

Yunawati and Zulkarnain, (2019) examined the determinants of auditor switch among quoted companies on Indonesian Stock Exchange. The study used change of management, firm size, public accountant office branch size, and fees as determinants variables. The study adopted the binary logit regression wald test. The study finds that; change of management, firm size, Public Accountant Office Branch Size, and fees audit have insignificant impact on the auditor switching among manufacturing companies quoted in Indonesian Stock Exchange.

Maharani, Wahyudi and Azwardi (2018), examined the moderating role of audit fee on the determinants of voluntary auditor switching among companies under property and real estate sector between 2009 and 2014. The study used a sample of 30 firms determined by purposive sampling technique. The data used were collected from publish annual report. The data collected were analyse using logistic regression and interaction test. Based on the analysis result, the study found that the percentage change audit opinion, change of management did not affect the ability of companies to perform auditor switching, while financial distress and audit fee had significant influence on the company perform the auditor switching. The finding shows that audit fee enhanced the effect financial distress of auditor switching.

Fadaly (2018**)** examined the determinants of auditor choice in emerging markets: evidence from Saudi Arabia. The study adopted the survey design and collected primary using well structured questionnaire to collect data. The study used a sample of 124 firms out of population of 183 listed firms in Saudi Stock Exchange have been selected. The data collected were analyzed using both binary Logistic Regression Analysis and descriptive statistics. The study finds that auditor fees, audit firm reputation, geographical proximity and long-term relationship has positive significant relationship with auditor choice. Audit opinion and audit fees have positive significant relationship with auditor choice.

Senny and Celline (2018) examined family firms, audit fee, and auditor choice: evidence from Indonesia. One of the issues with family firms is the agency problems might happen inside family firms where it will lead to conflict of interest and information asymmetry. The study used sample of 305 firms in Indonesia to shows that agency problems and the management entrenchment effect has no effect on the family firms in Indonesia, reflected from the firm decision making in their amount of audit fee and auditor choice. The study makes contribution by providing an empirical evidence of the effect of family control on the audit fee and auditor choice in a developing country. The study finds that the type of firms has no relationship with audit fee and audit quality.

Jeroen, Erik, Roger and Caren (2017) examined audit market structure and audit switching and audit pricing. Audit market structure, audit complexity and audit pricing. The study was based on descriptive design and used correlation to examine the relationship between the selected variables. The study found out that client mobility stimulates price competition in both segments but improves audit quality only in the large-client segment. The finding revealed that (a) audit market switching rate is impairs when audits have low complexity and that (b) the large-client market segment, characterized by higher audit complexity and higher market concentration, can also be price and quality competitive if clients are sufficiently mobile, and change auditors relatively frequently.

Hussein (2017) examined the determinants of auditor switching among quoted firms in Bahraini The study used primary data and Cronbach's alpha measurement to examine the uniformity and reliability level of the data. Descriptive statistics, t-test and multiple logistic regression techniques were used in the analysis. Financial conditions, audit FEES, change in management, qualified audit opinion, firm size were used as variables. The study found a negative relationship between financial condition of client, size of public audit firm and change in management have negative relationships with auditor switch. While Audit fees, competition among audit firms and qualified audit opinion respectively have positive relationships with auditor switch.

Eniola, and Ajayi (2018) examined the key determinants of external auditor choice among auditor by manufacturing firms in Nigeria. The study selected variables representing the audit firm and the client. The study used corporate governance mechanism, audit fees, assets base as independent variables. The longitudinal research design was adopted for the study. The study used simple random sampling technique in determining the sample size of 35 manufacturing firms; the study covers the period between 2010 and 2016 financial years. The binary regression technique was used in analyzing the data collected for the study. The study found out that corporate governance mechanism and assets base are significant in determining the external auditor's choice. They recommended among others the need to regulate audit pricing so as not to take the big 4 auditors above the reach of most firms as a result of their high fees. Firm must consider the cost and benefit of engaging the type of auditor (big four and non big four).

Aroh, Odum, and Odum, (2017) examined the determinants of auditor switch using quoted firms in Nigeria. The study used financial distress, industry type, audit firm size and ownership concentration as independent variables while auditor switching was used as dependent variable. The study covered the period of five years (2011 - 2015) and analyse the data collected using descriptive statistics, Pearson correlation and ordinal least squares regression, however some preliminary analysis were carried out, like - normality test. The study found out that the industry type has positive significant impact on auditor switch. The study recommended among others that board of directors should ensure quality audits, maintain good reputation, as well as be accessible to clients for any consultations.

3.0 METHODOLOGY

The study used longitudinal data and adopted *ex-post facto* research design. The study adopted the *ex-post facto* research design based on the fact that our data is secondary data that exists already which cannot be manipulated or controlled. The population of the study consists of the entire 11 health care firms quoted on the Nigerian Exchange Group as at Dec., 2019 business list covering from 2010-2019 with 110 observations. They include; Afrik Pharmaceutical Plc, Fidson Health Plc, Evans Medicals Plc, JULI Pharm, Pharmdeko Plc, Union Dianostice & Clinical Service, Glaxo-smith kline(GKS) Nig Plc, May & Baker Nig Plc, Ekocorp Pharm, Neimeth International Pharmaceutical Plc and Nigeria-German Pharm. The study used data from secondary source and was obtained from the Nigerian Exchange Group factbook and annual reports and accounts of the health firms in Nigeria.

The technique of data analysis employed in this study is the OLS regression analysis. The study adopted this technique to ascertain the determinants of audit switching. The data was analysed using E-view 8 statistical package, and the outcome was used to test the hypotheses formulated for the study after conducting necessary tests. Various robustness tests such as multi-collinearity between that independent variables were carried out to improve the validity of the result obtained.

Operationalization and Measurement of Variables

Name of Variables	Acronyms	Measurements
Audit Switch	AUDSWIT	Binary: change in auditor (within the period of study) (1) no change in auditor (0).
Asset base	ASSB	Natural logarithm of total assets.
Change in management	MANCH	Binary: retirement/ sack of MD/CEO (1), None (0)

The independent variable in this study is Determinants which was measured using assets base and change in management, asset base was proxy with Measured as the natural logarithm of total assets. This is in line with study of Shammari, Yaquot and Hussain (2008). While change in management is proxy with Binary: retirement/ sack of MD/CEO (1), None (0) This is in harmony with work of Azhar, (2015).

Model Specification

In line with the previous researches, we adopted the model of Yulius (2018) specified as: SWITCH = *f*(PM, OPINI, AUDLY, DAR).

Moderated as:

AUDSWIT = *f*(ASSB, MANCH) …………….……………...…………..………………(1)

$AUDSWIT_{it} = d_0 + d_1ASSB_{it} + d_2MANCH_{it} + \mu_{it}$ ……………………………………....(2)

Where: SWITCH = Audit switching, OPINI = Audit opinion, AUDLY = Audit delay, DAR = Financial distress PM = management turnover, AUDSWIT = Audit switching, ASSB = Asset base, MANCH = Change in management

$d_{0,}$ = Constant; $d_1 \ldots d_4$ = are the coefficient of the regression equation; μ = Error term; *i*= is the cross section of firms used.

4.0 RESULTS AND DISCUSSION

Descriptive Statistics

The descriptive statistics result shows the mean (average) for each of the variables, their maximum values, minimum values, standard deviation and the Jarque-Bera (JB) statistics (it reveals the presence of outlier and the extent normality of the data).

Table 4.1 Descriptive Statistics

	AUDSWIT	ASSB	MANCH
Mean	0.350000	24.07889	0.344444
Median	0.000000	21.24500	0.000000
Maximum	1.000000	44.95000	1.000000
Minimum	0.000000	21.00000	0.000000
Std. Dev.	0.480995	12.74604	0.492513
Skewness	0.628971	0.607864	0.383323
Kurtosis	1.395604	2.520561	1.146936
Jarque-Bera	10.39126	12.09732	28.48626
Probability	0.005541	0.002361	0.000001
Sum	21.00000	5469.190	69.00000
Sum Sq. Dev.	13.65000	12927.35	40.99412
Observations	110	110	110

Source: Researcher's Computation (2022)

The study observed from the descriptive statistics that health care firms on the average switched their auditors for about 35% of the time covered by the study. It was also observed from the result that not all the firms switched their auditor. The result revealed that asset base (measure of firm complexity) has average of 24.09, with a maximum value of 44.95 and minimum value of 21.00. Those values showed that some of the firms are more complex than others. However, the difference between the mean and the maximum revealed that few firms are more complex than others while the difference between the minimum and mean value showed that most of the firms are relatively moderate in their operations. While change in management shows a mean of 0.34 percent, maximum value of 1, and minimum value of 0. This shows that on the average, about 34 percent of the management of health care firms in Nigeria changes their management within the period of the last ten years. The difference between the mean value of 0.144, maximum of 1.00, and minimum of 0.00, show that only few firms did not change their management within the period under review. Also, the normality test using the Jarque-Bera (JB) under e-view 8 software shows that all the variables are normally distributed at 1% level of significance.

Table 4.2: Normality test: Shapiro-Wilk Test

Variable	Obs	W	V	z	Prob>z
AUDSWIT	110	0.03141	11.0483	6.2547	0.03010
ASSB	110	0.30159	211.161	11.086	0.00000
MANCH	110	0.43981	38.1248	10.113	0.00830

Source: STATA 13

Lastly, the Shapiro-Wilk normality test shows that asset base and change in management are normally distributed at 1% percent significance level. While audit switching, is normally distributed at 5% significant level. The normality test reveals that all the variables used are normally distributed. This indicates that the result of the analysis can be relied upon in making generalization and policy formulation. The Shapiro-Wilk normality test is similar to that produce by the Jarque-Bera statistics probability under e-view 8.

Correlation Analysis

The study used the correlation analysis to examine the relationship among the variables.

Table 4.3 Correlation Analysis

	AUDSWIT	ASSB	MANCH
AUDSWIT	1.000000		
ASSB	0.344955	1.000000	
MANCH	0.049866	0.086786	1.000000

Source: Researchers Computation (2022)

The findings from the correlation analysis as contained in the table 4.3 shows that audit switching have positive association with asset base (0.344955) and change in management (0.049866. The positive relationship reveals that asset base and change in management are positively associated with audit switching.

In checking for the presence of multi-colinearity among the variables used, the study noticed from the correlation analysis that no two explanatory variables were perfectly correlated. This indicates the absence of multi-colinearity in the model used for the analysis and also justifies the use of the panel ordinary least square. This position was confirmed by the result of the variance inflation factor (VIF). Below is the result of the VIF

Table 4.4: Variance Inflation Factor Test:

Variable	VIF	1/VIF
AUDSWIT	1.01	0.99009
ASSB	1.10	0.90909
MANCH	1.30	0.76923
Mean VIF	1.084	

Source: STATA 13

The variance inflation factor test above shows the overall mean value of 1.084, this value is less than 10% rejection benchmark. The mean value indicates the absence of multi-colinearity in our model. The variance inflation factor test result, confirms the finding from the correlation analysis which shows the absence of multi-co linearity using 75% acceptance region in determining the level of association among the variables used.

Hausmann effect Test: The study used the Hausman effect test to select between fixed and random effect, which affect the data used in the study is presented below.

Correlated Random Effects - Hausman Test
Equation: Untitled
Test cross-section random effects

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	11.4342	6	0.0032

Source: Researcher Computation (2022)

The Hausman effect test result shows a chi-square value of 11.4342 and probability value 0.0032, the chi-square probability value is less than 10%. Based on the result, the study accept the fixed effect and reject the random effect, hence we use the fixed effect to correct the problem of heterogeneity in the data used for the study. Table 4.4.1 below is the regression result adjusted for fixed effect.

The study used the multiple regression analysis in analyzing the data. Fixed and random effect regression analysis was conducted for the study. The researcher used Hausman test to select fixed effect result which is presented in table 4.4.1

Table 4.4.1: Fixed effect Regression Tables

Cross-section fixed effects test equation:
Dependent Variable: AUDSWIT
Method: Panel Least Squares
Date: 11/10/22 Time: 19:15
Sample: 2010 2019
Periods included: 10
Cross-sections included: 11
Total panel (balanced) observations: 110

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	13.71579	2.546013	5.387164	0.0000
ASSB	3.543003	1.343670	2.659437	0.0162
MANCH	0.195388	0.091948	2.124984	0.0167

R-squared	0.706773	Mean dependent var	0.890335
Adjusted R-squared	0.686912	S.D. dependent var	3.489996
S.E. of regression	24.30988	Akaike info criterion	4.843317
Sum squared resid	1603.389	Schwarz criterion	5.288589
Log likelihood	411.2551	Hannan-Quinn criter.	5.023512
F-statistic	11.35021	Durbin-Watson stat	1.852470
Prob(F-statistic)	0.000000		

Source: Researchers Computation (2022)

In table 4.4 above, the study observed from the audit switching model result an R-sq of 0.706773 and R-sq (adj) of 0.686912, respectively. These values indicate that the selected determinants variables jointly have about 68.69 percent impact on the audit switching of health care firms used in the study. The F-statistics value of 11.35021 and its probability value of 0.000000 shows that the regression model is well specified and the specification is statistically significant at 1% levels. The value of Durbin Watson 1.852470 reveals that there is no presence of autocorrelation in our model. Hence the variables used in the model can be relied upon as determinants variables in driving audit switching.

Hypotheses Testing

H_{01}**:** *Assets Base has no significant relationship on audit switching*

The result showed a coefficient value of 3.543003 and a P-value of 0.0162. The coefficient value shows that assets base has a positive influence on audit switching. This reveals that increase in assets base of health care firms can increase the possibility of audit switching. The probability value of 0.0162 reveals that assets base significantly influences audit switching among health care firms quoted in Nigeria Exchange Group. Based on the result, the study rejects the null hypothesis and accepts the alternate hypothesis. It therefore concludes that, assets base has positive and significant influence on audit switching among health care firms quoted in the Nigeria Exchange Group.

Likewise, assets base has a strong positive influence on auditors switching among healthcare companies listed on the Stock Exchange in Nigeria. This suggests that an increase in the size of organizations will lead to an improvement in the audit switching for auditors. This finding is in line with the findings of Eniola, and Ajayi (2018), but contrary to the findings from the study of Gatumia (2012).

H_{02}**:** *Change in management has no significant relationship on audit switching.*

The result showed a coefficient value of 0.195388 and a P-value of 0.0167. The coefficient value which reveals the degree of influence change in management has on audit switching shows a positive value. This reveals that change in management positively influences the level of audit switching among firms in the health care sector of the Nigeria economy. This reveals that the frequent change in management can lead to reduction in audit switching among firms in health care. The probability value of 0.0167 shows that the influence between change in management and audit switching of firms in Nigeria is significant. Based on the analysis result, the study accepts the alternate hypothesis and rejects the null hypothesis. It therefore concludes that, change in management has positive and significant influence with audit switching of firms in Nigeria health care.

Likewise, change in management has a positive and significant influence on the audit switching among health care firms quoted in the Nigeria Exchange Group. This demonstrates that the frequent change of management can increase the tendency of health care firms to switch from one audit firm to another. The findings are in line with the findings of the study of Hussein (2015), but contrary to the findings from the study of Yunawati and Zulkarnain, (2019), Maharani, Wahyudi and Azwardi (2018) and Andreas (2019).

CONCLUSION AND RECOMMENDATIONS

Based on the findings of the study, it was concluded that audit switching should be encouraged as it can be beneficial to shareholder due to its ability to reduce the possibility of familiarity between the auditor and the management which could lead to compromise on the part of the auditor. The study suggests that to reduce the audit switching, shareholders should consider the special skill requirement before engaging an auditor. As complex organizations (proxy by assets base) would require auditor with special skill. Also shareholders should consider the use of the big four audit firms as this will reduce the level of audit switching (it has been empirically established that there is low level of audit switch among big four).

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