

# The Determinants Factors of External Audit Quality: A Quantitative Study from Companies in Cameroon

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**Abstract:** The spate of audit failure in the world and Cameroon economy in particular because of poor audit services rendered, has brought great disappointment for the users of financial report. The objective of this study is to examine the determinants factors of external audit quality in Cameroon. In specific terms, this study examined the effect of going concern audit opinion, industry specialized auditor, the respect of the steps of the audit process by the external auditor on audit quality. Based on the chi-square independence test, and the binary logistic regression on the data collected using the questionnaire from 98 companies in Cameroon, the results revealed that going concern audit opinion and the respect of the steps of the audit process by the external auditor significantly affect audit quality in Cameroon. However, the result also revealed that there exist an insignificant relationship between auditor industry specialization and audit quality. Again, the result also shows that company age, company size, company sector and company profitability as the control variables of this study has an insignificant influence on audit quality. This study therefore recommends that companies should hire auditors that respect the steps of the audit process and auditors that issue a going concern audit opinion concerning the future of company.

**Keywords:** audit quality; going concern audit opinion; auditor industry specialization; the respect of steps of the audit process by the external auditor.

## 1. Introduction

The necessity for external audit services was spurred by the agency issue that arose from the division of ownership and control of corporations. The managers, who may or may not possess substantial value shares in the company, have influence over the day-to-day operations of the businesses, but the investors, or shareholders, are ultimately responsible for the businesses. This suggests that the shareholders have a residual claim to the company's resources, and the management have a duty to account for those resources to the shareholders. Typically, this is done by providing periodic financial statements.



Appointing an auditor with audit quality and acting as an impartial, strict third party to independently examine the financial statements is typically necessary to guarantee the accuracy and transparency of the financial statements made available to the public and shareholders. This ensures that the financial statements are credible from the users' point of view. According to some audit researchers, producing a report of acceptable quality is the primary goal of an audit assignment. Therefore, the financial statements must be audited by an independent and competent third party (De Angelo 1981), in this case the external auditor, in order to reassure the users of the statements that there are no material misstatements. There are a few reasons for this, including the following: (1) the need for a trusted third party arises from the company's management's conflicts of interest with outside parties. (2) because purposeful and inadvertent inaccuracies might appear in financial statements. (3) according to Winda and Fridati (2005), when audited financial statements have unqualified opinions, users should be able to trust that the financial statements are free of material misstatements and are presented in compliance with generally accepted accounting principles. Financial statements are crucial for businesses when supplying external parties with company financial information. To certify whether the financial accounts and statements provided by management are reasonable, a third party audit of the company's financial statements is required (Sumarwoto, 2006).

However, the global wave of audit failures, particularly in the context of the Cameroonian economy, has left financial report users extremely disappointed. This is because corporate corruption and embezzlement are becoming increasingly common in Cameroon, to the point where we need to take precautions to ensure that they do not become hallmarks of the country's identity. In 1998 and also in the year 1999, Cameroon twice had the top corruption index in the world (Théophile Nguimfack, 2023). Nonetheless, the drive of the corrupt actors to get out of the control mechanisms matches the will of the auditors and public authorities to stop it.

Recent years have seen the business community, academics, regulators, and even members of the public link several corporate failures on audit shortcomings. MacDonald and Robbins scandal, the Equities Funding scandal, Enron Corporation, WorldCom, Lehman Brothers, Tyco, Waste Management and Health South in the USA, Bank of Credit and Commerce International (BCCI), Parmalat in Italy, and HIH Insurance group in Australia are a few examples of these kinds of scandals (Wambang Nyamalum, 2021). Due to the low quality of the audit, Cameroonian enterprises are not exempt from this failure. The Cameroon Housing Loan Fund (CF) and the National Real Estate Corporation (SIC), whose auditors were charged in 2007 for certifying false and misleading financial statements as well as complicity in the embezzlement of state funds, are two examples of scandals caused by poor audit quality, according to Wamba and Tagne (2014). Recently, the former Cameroon Airlines Corporation auditors and the BICEC bank auditors were imprisoned for acting inappropriately while performing their auditing duties. In addition, in 2013 the Cameroonian Budget and Finance Disciplinary Board punished auditors working for SODECOTON and the Cameroon Oil Refinery Corporation (SONARA). All of these business failures have been linked to audit failure, which has given the general public and financial statement consumers a platform to criticize the quality of audits in Cameroon as well as the services provided by the auditors. Additionally, Foka and Wamba's (2019) research, which examined the quality of services provided by Cameroonian audit firms, provides evidence of the low quality of auditing in the country. The research of Foka, Hikouatcha, and Wamba (2021) also reveals that in Cameroon, there is only a 33% chance of obtaining a qualified audit opinion. According to Louis Ndjetchou (2012), around 75% of Cameroonian auditors lack audit quality. The researcher is driven to do a study that would help address the issue of audit quality, particularly in the context of Cameroon, as a result of this crisis in audit failure.

In the context of Cameroon, the idea of audit quality is not wholly missing. Researchers who looked at board of directors members' perceptions of the quality of external audit in Cameroon included Osée Hanko (2016). Once more, Foka and Wamba (2019) look into accountants' and auditors' opinions of the audit services provided in Cameroon. Additionally, a quantitative study on the impact of a company's financial status on an auditor's qualified opinion in Cameroon is conducted was carried out by Foka, Hikouatcha, and Wamba (2021). The number of research on audit quality in Cameroon is limited because the majority of them concentrated on evaluating the quality of audit services provided rather than examining the factors that could influence the quality of these auditors in this context. As a result, this research study will investigate the factors that determine audit quality in Cameroon from a different angle.

Around the world, a lot of research has been done on audit quality. Research on audit quality conducted so far has been focused on the vast majority of developed foreign nations. These nations not only have fundamental structural distinctions that are evident in terms of economic functioning and development, but they also have legal systems that are tailored to their particular economic needs. So far, no significant research on the quality of external audits has been conducted in central Africa, particularly in Cameroon. The following unique characteristics may help to explain the situation: the financial market is non-functioning or only presents a low level of transactions with a small number of listed companies; the environment is hostile to information and does not disclose it automatically, as we can observe abroad; and the laws governing audit practice are stagnant and occasionally contradicting. Both auditor independence and competence have been used as primary indicators to evaluate the quality of external audits in various contexts where information is regulated by regulatory authorities and the stock exchange market (De Angelo, 1981). The unique features of the Cameroonian environment provide challenges to the application of the same theoretical indicators (auditor independence and competence) for evaluating the quality of external audits derived from stock market economies with robust economies. The goal of this study is to propose new metrics for evaluating the quality of external audits by considering the usage of going concern audit opinions, industry-specific auditors, and external auditors' adherence to audit process steps. In addition to enhancing the quality of financial accounts and statements that will inspire public confidence, these additional criteria will assist auditors in improving the decision-making process during audits. Once more, it will also provide additional information and the development of related theories. Accordingly, the study's objective is to explore the elements that determine audit quality within the Cameroonian setting, drawing on the theoretical background and practical concerns mentioned above.

## **2. Literature Review and Hypothesis Development**

This section is organized into two points. The first present the theoretical foundation of audit quality. The second present the empirical works and the formulation of hypotheses on going concern audit opinion, industry specialized auditor and the respect of the steps of the audit process by the external auditor with audit quality.

### **2.1. Theoretical Basis of Audit Quality: An Explanation by Agency Relationship, Information Asymmetry and Inspired Trust**

Audit quality, according to De Angelo (1981), is the likelihood that the auditor will identify and disclose material breaches (misstatements) in the accounting system. One aspect of the audit service that reduces the conflict between management and shareholder interests is audit quality. According to De Angelo's seminar work from 1981, the quality of an audit depends on two factors: the auditor's technical proficiency in detecting misstatements and their capacity to study accounts and find errors (anomalies). Their impartiality and self-reliance in disclosing false information is the other. As per Watts and Zimmerman

(1986), the quality of auditing is determined by the aggregate likelihood of the auditor identifying and disclosing misstatements with objectivity. A degree of assurance is how Palmrose (1988) defined audit quality. The level of certainty that financial statements are free from serious omissions or misstatements, according to her, is known as audit quality. Exploring the knowledge asymmetry between principals (shareholders) and agents (management) has been a common application of the agency theory in literature. According to Sarens and Abdol Mohhamadi (2007), agency theory makes the assumption that principals and agents employ contracting to maximize their wealth and act rationally.

The moral hazard problem is one effect of this. According to Louise (2005), audits play a vital role in fostering and bolstering confidence in financial data. Understanding the evolution of the auditor's job requires an understanding of the principal-agent relationship, as portrayed in agency theory. Principals designate agents and give them some degree of decision-making power. The principals have faith that their representatives will behave in their best interests by doing this. Principals may, however, lack confidence in their agents as a result of information asymmetry and agents' conflicting motivations. It might therefore be necessary for them to implement procedures like audits in order to strengthen this trust.

Consequently, the agency theory is a sound economic theory of accountability that contributes to the understanding of how audit quality evolved. Furthermore, researchers like Jensen and Meckling (1976) and Watts and Zimmerman (1986) assess this use of external auditing as a way to reduce the likelihood of managerial accounting manipulation and contend that the requirement for external auditing is fundamental to the agency relationship. However, according to the theory of inspired confidence which was instituted by Limperg in 1985, the auditor's wide range of societal responsibilities stems from the need for an impartial and expert examination as well as an expert judgment backed by the analyses.

Therefore, it is expected of accountants and auditors to be aware of the public's continued expectation of a low audit failure rate. This means that auditors must design and carry out their audit in a way that will reduce the possibility of discovering substantial misstatements that are not discovered. According to Limperg et al. (1985), the accountant has an obligation to perform his task in a way that upholds the trust that he has been given. The idea of inspired confidence is significant because it posits that the public's faith in the efficiency of the audit process and the assurance that the accountant's opinion provides are the sources of the obligations and responsibilities of auditors.

A violation of the trust implies the process or function will end as the trust establishes the process's existence. In his discussion of the social significance of auditing, Carmichael (2004) said that the value and relevance of an audit are destroyed when society loses faith in the audit process's efficacy and the audit report's accuracy. Hence, considering that an audit failure would potentially spell the end of one's career, auditors are obliged to uphold a respectable standard of quality assurance. Financial reporting, corporate governance, and rules enhance confidence in the capital markets, and auditing provides assurance to investors, stakeholders, and business owners and management.

## **2.2. Empirical Review and Hypotheses Development**

### **2.2.1 Going Concern Audit Opinion and Audit Quality**

According to Carson et al. (2013), when a company experiences lower profitability, a debt default, or a decrease in liquidity, auditors are more likely to offer going concern opinions. In addition, Gallizo and Saladríguez (2016) discover that a going concern opinion is primarily issued in response to sustained losses. This endangers the business's ability to continue operating. However, because they have no losses and so no continuity issues, they discover that the more prosperous a company is, the less likely it is that they will receive a going concern opinion. Once more, Triani and Yanthi (2019) look into how going concern audit

opinion affects audit quality in Indonesia. Going concern audit opinion has little bearing on audit quality, according to research using regression modeling and secondary data from the Indonesian stock exchange market. After examining the connection between going-concern audit opinion and audit quality, Setyarno et al. (2006) concluded that there was no meaningful correlation between the two. In contrast, the results of the study by Mutchler et al. (1997), which demonstrates that there is a relationship between going concern audit opinion and audit quality in the company going through financial hardship, are at odds with these results. Considering the above literature, the following hypothesis is deduced:

**H<sub>1</sub>:** Going concern audit opinion significantly affect audit quality

### **2.2.2. Industry Specialized Auditor and Audit Quality**

Audit quality have been studied in relation to auditor industry specialization. Extant research has shown a positive correlation between the industry specialty of auditors and the quality of reported earnings using a variety of proxies based on market share, indicating that industry specialists do audits of a higher caliber than non-industry specialists. Researchers Balsam, Krishnan, and Yang (2003) discover a negative correlation between the client's absolute discretionary accruals and the auditor industry specialization. A positive interaction impact between auditor specialization and earnings surprise was also discovered by Balsam, Krishnan, and Yang (2003) in an Earnings Response Coefficient (ERC) model.

Furthermore, Reichelt and Wang (2010) demonstrate a positive correlation between an auditor's inclination to provide a going-concern opinion and their industry specialization, as well as a negative correlation between their expertise and the possibility of meeting or exceeding analysts' earnings projections. Miguel Meza (2013) investigated if audit quality is improved by industry expertise for auditors. The results indicate a negative correlation between audit quality and industry specialized auditors. Based on this literature review above, the following hypothesis is formulated:

**H<sub>2</sub>:** Auditor industry specialization significantly affect audit quality

### **2.2.3. The Respect of the Steps of the Audit Process by the External Auditor and Audit Quality**

The capacity of an organization's auditors to achieve the firm's control priorities determines a company's profitability, according to Mock and Wright (1999). They go on to say that these controls need to consider the risk areas that a particular organization faces. According to Manita and Chemangui (2007), assessing the degree of adaptability of audit work entails determining whether the adopted techniques and means of control, compliance with rules and procedures, would enable the detection and explanation of current firm dysfunctions and, consequently, contribute to the success of the firm. Additionally, Fossung and Verges' (2022) carried out a study on external audit quality and their influence on value creation which the results shows that there is a substantial correlation between audit quality and the external auditor's adherence to the audit process's steps. Considering the above literature, the following hypothesis is deduced:

**H<sub>3</sub>:** The respect of the steps of the audit process by the external auditor significantly affect audit quality

### 3. Research Methodology

This section constituted three points. Firstly, the procedure for setting up the sample and collecting data. Secondly, the construction of the theoretical model of the study and the operationalization of the variables, and thirdly, the presentation of the method for processing and analysing data.

#### 3.1. Sample Selection and Data Collection Method

The population of this study is made-up of companies in Cameroon who annual financial statements are audited by external auditors. We opted for the purposive sampling method, which is a method that allows us to choose the elements of the sample in an exact manner and at the same time guarantee that the criteria required by specific research designs are respected. Although the sample did not cover a significant portion of the population, we have focused on those specific characteristics of a population of interest to answer the research question and permit us to make generalizations given the hypothetical-deductive nature of this research. Data collection was done by questionnaire. Primary data was collected for this study with the used of questionnaires where by during the administrative phase, we distributed 150 questionnaires to companies in the city of Douala, Yaoundé, Bamenda, Kribi, Buea, Bafoussam, Bertoua, and Kribi in Cameroon, of which 98 questionnaires were returned and used for the study. The response rate of the questionnaires received and used was 65.3%, which we considered satisfactory, given the length of the questionnaire and especially the context of the study. With a usable response rate of 65.3%, we felt it unnecessary to send out reminders.

#### 3.2. Theoretical Model of the Study and Operationalization of Variables

This section of this study aimed to show how audit quality could be influence by going concern audit opinion, industry specialized auditors, and the respect of the steps of the audit process by the external auditors. Furthermore, our study also used company age, company size, sector of activity and company profitability as control variables of this study. The used of these variables is due to the fact that these variables can also influence audit quality. To this end, we present a structural model that establishes the relationship between the going concern audit opinion, industry specialized auditor, the respect of the steps of the audit process, company age, company size, company sector of activity, company profitability and audit quality. The binary logistics regression model is used in this study to establish the relationship between the three variables mention above, the control variables and audit quality. This model was chosen for the study because the dependent variable (audit quality) is measured by audit opinion which is a binary variable. The model for our study is given as follows:

$$AQ = \beta_0 + \beta_i X_i + \varepsilon \quad (1)$$

Where: AQ: Audit Quality (0 or 1);  $X_i$ : the explanatory variables;  $\beta_0$ : the constant term;  $\beta_i$ , the regression coefficients and  $\varepsilon$  the error term. The full empirical form of the model is:

$$AQ = \beta_0 + \beta_1 GCOA + \beta_2 ISA + \beta_3 RESTAP + \beta_4 AGE + \beta_5 SIZE + \beta_6 SA + \beta_7 PFT + \varepsilon$$

Where the dependent variable of the study is Audit, quality and GCOA represent the going concern audit opinion, ISA represent industry specialized auditors and RESTAP represent the respect of the steps of the audit process, Age represent company age, SA is the sector of activity of the company and PFT represent company profitability.

The description of the above-mentioned variables is presented table one below as follows:

**Table 1.** Operationalization of Study Variables

<b>Variables</b>	<b>Measurement Indicators</b>	<b>Types of variables</b>	<b>Terms and conditions</b>	<b>Reference authors</b>
Audit quality	Audit opinion	Binary	1 if the company received a qualify audit opinion and 2 otherwise	Foka et al (2019)
Going concern audit opinion	Going concern audit opinion	Binary	1 if the company received a going concern audit opinion and 2 otherwise	Setyarno, et al (2006)
Industry specialized auditor	Number of Clients	Binary	1 if the auditor or audit firm has attain atleast 20% of the number of clients in a particular industry and 2 if otherwise	Meza et al (2003)
The respect of the steps of the audit process	Audit process	ordinal	1 if never 2 if often 3 if always	Fossung et al (2022)
Age of the company	AGE	Metric	“1” if the company age is less than 5years, “2” if the company age is between 5-10, “3” if the company age is more than 10years	Yeoh and jubb (2001)
Size of the company	Size	Metric	Staffing level	Foka et al (2020)
Sector of activity	SA	Ordinal	Measure by the company sector, that is: “1” if the company sector of activity is trade, “2” if it is industry, “3” if it is service	Spicer et al (1976)
Profitability	PFT		Measure by company profitability, that is, taking the value of “1” if the company declares that its net income has increased compared to the last two fiscal years, “2” if it has remained stable and “3” if it has decreased.	Foka et al (2020) Balsam (1998)

### 3.3. Data Processing and Analysis Method

To process and analyze data, we used the SPSS software version 25 because of its high scientific scope. To analyse our data, we carryout bivariate analysis and multivariate analysis. Concerning bivariate analysis, we performed the chi-square test which was used to establish whether or not they is independence between the variables of our study. With multivariate analysis, we used the binary logistic regression to validate our hypotheses since the Chi-square does not show the direction and the interdependence of the variables. Therefore, we present only the result necessary for the validation of our hypotheses.

## 4. Results and Discussion

This section is concern with the presentation and discussion of the main results of this study in respect to our model whereby, the results establishing the relationship between going concern audit opinion, auditor industry specialization, the respect of the steps of the audit process by the external auditor, age of the company, size of the company, company sector of activity, company profitability and audit quality are presented.

### 4.1. Chi-square test results

**Table 2:** Relationship between going concern audit opinion and audit quality

Chi-Square Tests					
	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	4.382*	1	.036		
Continuity Correction	3.388	1	.066		
Likelihood Ratio	4.735	1	.030		
Fisher's Exact Test				.044	.030
Linear-by-Linear Association	4.337	1	.037		
N of Valid Cases	98				

\* Significant at the 5% level

From the table above, the chi-square independence test shows that they is a significant relationship between going concern audit opinion and audit quality. This support our first hypothesis which state that the going concern of an auditor significantly affect audit quality. The value of the Pearson chi-square test of independence is 4.382 indicating a positive relationship between audit quality and the issuance of going concern audit opinion at the 5% level of significant.



**Table 3:** Relationship between auditor industry specialization and audit quality

Chi-Square Tests					
	Value	df	Asymptotic Significance (2- sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	1.787	1	.181		
Continuity Correction	1.189	1	.276		
Likelihood Ratio	1.798	1	.180		
Fisher's Exact Test				.222	.138
Linear-by-Linear Association	1.769	1	.184		
N of Valid Cases	98				

The chi-square test of independence in the table above shows that they exist an insignificant relationship between auditor industry specialization and audit quality. This result is contrary to our second hypothesis which state that industry specialized auditor significantly affect audit quality. This means that if an auditor is industrially specialized, it will not affect its quality when it comes to auditing of financial statements.

**Table 4:** Relationship between the respect of the steps of the audit process by the external auditor and audit quality

Chi-Square Tests			
	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	10.545*	2	.005
Likelihood Ratio	10.398	2	.006
Linear-by-Linear Association	1.421	1	.233
N of Valid Cases	98		

\* Significant at the 1% level

From the table above, the chi-square test of independence shows that the respect of the steps of the audit process by the external auditors significantly affect audit quality at 1% level of significance. This result support our third hypothesis which state that the respect of the steps of the audit process by the external auditor significantly affect audit quality since the P-value is 0.005 which is less than 1% level of significance.

Table 5: Relationship between company age and audit quality

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	17.127*	4	.002
Likelihood Ratio	17.345	4	.002
Linear-by-Linear Association	.315	1	.574
N of Valid Cases	98		

\* Significant at the 1% level

From the table above, the chi-square test of independence shows that the age of the company significantly affect audit quality at 1% level of significance. This result shows that a change in the age of the company will affect the quality of an auditor and significantly affect audit quality at 1% level of significance.

Table 6: Relationship between company size and audit quality

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	18.016*	4	.001
Likelihood Ratio	22.461	4	.000
Linear-by-Linear Association	.229	1	.632
N of Valid Cases	98		

\* Significant at the 1% level

From the table above, the chi-square test of independence shows that the size of the company significantly affect audit quality at 1% level of significance. This result shows that a change in the size of the company will affect the quality of an auditor and significantly affect audit quality.

Table 7: Relationship between company sector and audit quality

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1.137	3	.768
Likelihood Ratio	1.165	3	.761
Linear-by-Linear Association	.210	1	.647
N of Valid Cases	98		

From the table above, the chi-square test of independence shows that the sector of the company does not affect audit quality. This result shows that a change in the sector of the company will not affect the quality

of an auditor. This is proven by a P-value of .768 and a Pearson chi-square value of 1.137, which is insignificant.

**Table 8:** Relationship between company profitability and audit quality

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.826	2	.243
Likelihood Ratio	2.835	2	.242
Linear-by-Linear Association	.109	1	.741
N of Valid Cases	98		

From the table above, the chi-square test of independence shows that the net profit of the company does not affect audit quality. This result shows that a change in the net profit of the company will not affect the quality of an auditor. This is proven by a P-value of 0.243 and a Pearson chi-square value of 2.826 which is insignificant since the chi-square test of independence does not specify the direction of the relationship and does not consider the interrelationships between the variables, logistic regression was used to further refine the analysis predictions.

**4.2. Binary logistics regression**

At this level, the hypotheses of the study are confirmed and validated. The binary logistics regression present the results which enable us to confirm whether or not going concern audit opinion, auditor industry specialization, the respect of the steps of the audit process by the auditor together with the control variables significantly affect audit quality.

**Table 9:** Binary logistics regression

		B	S.E.	Wald	df	Sig.	Exp(B)	95% C.I. for EXP(B)	
								Lower	Upper
Step 1 <sup>a</sup>	Going concern audit opinion	1.600	.740	4.679	1	.031*	4.953	1.162	21.113
	Industry specialized auditors	-.053	.753	.005	1	.944	.949	.217	4.147
	The respect of the steps of the audit process	.522	.381	1.878	1	.071**	1.686	.799	3.557
	Age of the company	-.177	.343	.266	1	.606	.838	.427	1.641
	Company size	-.125	.233	.288	1	.591	.882	.559	1.393
	Sector of activity	-.197	.203	.936	1	.333	.821	.551	1.224
	Company Net profit	.007	.385	.000	1	.985	1.007	.474	2.140
	Constant	-3.279	2.101	2.436	1	.119	.038		
Chi square					9.163				
Log likelihood-2					92.675				
R-square of Cox and Snell					0.089				
Nagelkerke R Square					0.138				

\*, \*\* significance at the 5%, and 10% levels respectively

a. Variable(s) entered on step 1: Going concern audit opinion, Industry specialized auditors, The respect of the steps of the audit process, Age of the company, company size, Sector of activity, Company Net profit.

With regard to going concern audit opinion, it shows that it has a significant and a positive influence at the 5% level on audit quality. This result shows that there exists a relationship between going concern audit opinion and audit quality. This means that the probability of auditors in Cameroon to be qualified will increase when they continue to issue a going concern audit opinion on the future of the company's operation which they audit. Increase in going concern audit opinion will lead to an increase in audit quality in Cameroon. Therefore, we accept our first hypothesis which states that there exists a significant relationship between going concern audit opinion and audit quality. This result is in accordance with the conclusion of Mutchler et al. (1997) and Gallizo and Saladrighes (2016), who noted that going concern audit opinion has a significant relationship with audit quality in their studies. The finding of this study is contrary to the study of Triani and Yanthi and Steyarno et al (2006) who disagreed that issuing a going concern audit opinion does not have any significant influence or relationship with audit quality.

Furthermore, the result revealed an insignificant relationship between industry specialized auditor and audit quality. This result shows that the quality of the auditors will not change when the auditor is an industry specialist. That is, an increase in auditors being industry specialists will not lead to an increase in audit quality in Cameroon. Therefore, we reject our second hypothesis which states that industry specialized auditors have a significant relationship with audit quality in Cameroon. The result of this study is not in line with that of Miguel Meza (2013), and Yang (2003) who confirmed that industry specialized auditors have a significant relationship with audit quality. The result is in line with the study of Reichelt (2010) who carried out his findings and found that industry specialized auditors do not have any significant influence on audit quality.

With regard to the respect of the steps of the audit process by the external auditors, there is a positive significant relationship at the 10% level with audit quality. That is, a change in the steps of the audit process by the auditor will also lead to a change in audit quality. Our result shows that the respect of the steps of the audit process during auditing by the external auditor will significantly lead to a positive change in audit quality in Cameroon. Therefore, we confirm and accept our third hypothesis which states that the respect of the steps of the audit process by the external auditor significantly affects audit quality. The result of this finding is in accordance with the findings of Mock and Wright (1997), Manita and Chemangui (2007) and Fossung and Verges (2022) who also found out in their studies that respecting the steps of the audit process by the external auditor has a significant influence on the quality of an auditor.

The researcher also went further to test the association between the age of the company and audit quality. The result shows that there exists an insignificant relationship between age of the company and audit quality. The  $B = -.177$  and the P-value of  $.606$  indicating an insignificant relationship between age of the company and audit quality. A change in the age of the company will not lead to a change in audit quality. Therefore, age of the company does not affect the opinion of an auditor.

Size of the company was another control variable which the researcher decided to test its association with audit quality. The result shows that there exists an insignificant relationship between size of the company and audit quality. The result from the table above shows that a change in size of the company will not affect the opinion of an auditor, which means, it does not affect audit quality.

Next was the sector of activity of the company and audit quality. The result shows that there exists an insignificant relationship between sector of activity of the company and audit quality. This actually means that no matter the sector of the company, it does not affect the quality of an auditor. The  $B = -.197$  and the P-value =  $.333$  indicating an insignificant relationship between sector of activity and the quality of an auditor. The last variable is the net profit of the company and its relationship with audit quality.

The result from the table above shows that there exist an insignificant relationship between the company net profit and audit quality. The B= .007 and P-value is .985 indicating an insignificant relationship between sector of activity and the quality of an auditor. From the result, it shows that a change in the company net profit will not affect the opinion of an auditor or audit report.

## 5. Conclusion and Policy Recommendations

In this study, we sought to shed some light on the determinants of external audit quality in the context of Cameroon. Specifically, the study aimed at examining the effect of going concern audit opinion, industry specialized auditor and the respect of the steps of the audit process by the external auditor on audit quality. The control variables used in this study were age of the company, company size, company sector of activity and company profitability. To achieve our goals, we first established the theoretical basis of our concepts and then formulated the research hypotheses mentioned above. Once these hypotheses were formulated, we screened them through empirical verification, which is how we constituted a final sample by means of a questionnaire which we collected information from 98 companies over a period of three (3) years of past operation of activity (2021-2023). We then used the SPSS 25 software to process the data through Chi-square tests of independence and the estimation of the different parameters of our research model through binary logistic regression. The results of this study reveal the presence of a significant relationship between going concern audit opinion, the respect of the steps of the audit process by the external auditor and audit quality in the context of Cameroon leading us to the validation of our first and third hypotheses of this study. The result also reveal that there exist an insignificant relationship between industry specialized auditor and audit quality in Cameroon. Furthermore, the results shows that age of the company, company size, sector of company activity and company profitability has an insignificant relationship with audit quality. We therefore recommends that auditors in Cameroon should continue in issuing a going concern audit opinion concerning the state of the companies which they audit, and respect the steps of the audit process when carryout auditing on their clients financial statements. Furthermore, due to the importance of having a high-quality audit in this context, this study also recommends that further studies should explore other external audit quality variables such as co- auditing, adherence to the audit timetable, the time allowed for audit assignments and audit reputation on audit quality.

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