ENVIRONMENTAL DETERMINANTS OF AUDIT QUALITY IN NIGERIA

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ABSTRACT:
Prior to the COVID-19 pandemic ravaging the world economy, investors generally had suffered substantial financial losses on returns and investment. The underlying factor from this originated from the various financial scandals associated with audit failures globally. This situation now calls for additional sources of information that world enhance the quality of audit and prevent or at most minimise audit failure. This study therefore investigated the key factors that influences audit quality within the auditor's working environment. The study adopted survey research design. Purposive sampling techniques was adopted in selecting 110 auditors. An adopted structured questionnaire was used to collect data validated using Cronbach alpha with coefficient of construct 0.917 for 34 items. Analysis of the data revealed that top management support and availability of budget are the most important predictors of audit quality (Adj. R^2=0.429, F (7,101) =10.850, p= 0.000). The study recommended that top management in both private and public sector should provide the requisite support to the auditors in other to boost their independence and confidence towards enhancing audit quality.
Keywords: Audit budget, audit quality, management support

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1. INTRODUCTION

Over the past two decades, the issue of audit quality has continue to dominate global discourse. The underlying factor for this enormous interest originated from various financial scandals associated with audit failure globally. For example local and multinational establishments were collapsing without any prior notice or warnings from the auditors. At the local level, the list of financial scandals among Nigerian firms include: Cadbury (2006) ₦13.25 billion, Afri- Bank (2006) ₦ 9.6billion, Oceanic Bank (2010)₦ 150 billion , Bank PHB (2011) ₦ 25.7, Access Bank (2011) $19Million or ₦ 6.84billion, Intercontinental Bank (2012) ₦ 400 billion, and Skye Bank (2018) ₦ 126 billion among other (Akintoye, 2019; Bakare, 2007; Ebhodoghe, 1996; CBN, 1997; Ifeanyi, 2011). On September 24th, 2018, the Federal government through the intervention of the Central Bank of Nigeria (CBN) rescued the depositor's funds, by converting the Skye Bank plc to Polaris Bank Plc (CBN, 2018). Apart from Cadbury Plc and Access Bank Plc, all other corporate entities mentioned above have been liquidated. At the global level, poor corporate governance and auditor's negligence were responsible for the demise of Siemens, Enron, Satyam, Tyco, Royal Dutch Shell, Health South, Royal Bank of Scotland, AIG, Petrobras, Bear Steams, Parmalat, Countrywide financials Olympus, Fannie Mare, Worldcom, General Motors, MF Global and Lehman Brothers demise (Ahmed & Durga, 2019). Hearly and Palepu (2003) argued that the corporate failure that were observed in different parts of the globe were dependent on inadequacy in information disclosure. Investors consequently relied on biased information in investment decision where management team purposively misrepresent the financial information.

According to the IFAC's code of ethics, a distinguishing mark of the accounting profession is its acceptance of the responsibility to act in the public interest. An auditor's responsibility therefore, is not exclusively to satisfy the needs of an individual client (either the directors or shareholders) or employers but in the general public. The public interest is considered to be the collective well-being of the community of people and institutions the auditor's serves, such as the client's debenture holders, governments, investors, the business, employers, employees, financial community and other advisors who rely on the auditors opinion.

Over the years several reforms have been introduced by government and various institution mandated to regulate and enforce appropriate *modus operandi* for financial accounting reporting. These reforms began with the Joint Stock Company Act of 1844, which was the first legislation in Britain that requires all incorporated establishment to have their annual financial statement examined by an auditor. Thereafter, it was the Companies Act of 1900 that required the auditor to be independent and it was not until the 1948 Companies Act that auditors was required to be professionally qualified. Since those failure especially that of WorldCom, Enron and Anderson in the USA, brought significant changes in the financial reporting regulations. In order to enhance the quality of information for decision making, current regulations requires full disclosure of financial and non-financial information. However at the moment the problems of creative accounting still persist resulting in the clamour for voluntary disclosure of financial information Subsequent amendments to the Act designed to enhance audit quality include the Companies Act of 1968, 1984 and then Companies and Allied Matters Act, 1990, and later amended in 2004 and presently in 2020. Additionally, various accounting standards were also promulgated to improve the quality of audited report. Such standards includes the Statement of Accounting Standard (SAS), International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS). Other reforms designed to instill confidence in investors in Nigeria also include, the banking recapitalization, insurance recapitalization and the Nigerian Code of Corporate Governance amended in 2018. However, one of the significant factors negating investment decisions globally is attributed to heavy reliance on the audited financial statement (Vestine, Kule & Mbabazize, 2016).

As a result of the problem associated with agency cost and information asymmetry, directors may naturally be inclined to practice voodoo accounting. This is due to the fact that agents (management or directors) who are in possession of the financial information of the organization may prefer to present a favourable picture of the enterprise to the principal (shareholders) in order to attract a higher benefit from the owners. A statutory auditor is therefore expected to express a true and fair view on such statement. Section 357, of the Companies and Allied Matters Act, 2004(cap (20 LFN) stipulates that members of every limited liability companies must appoint a statutory auditors on an annual basis. The auditors is to act in that position from the conclusion of the annual general meetings to end next AGM. Furthermore, S.361 also stipulates that auditor's remuneration must be determined by whoever appointed the auditor. The objective of the law in ensuring that both appointment and remuneration of statutory auditors are exercised by the shareholders or principal (where the directors appoint the first auditors or fill the causal vacancy, such decision must be ratified by the shareholders) is to guarantee the independence of the auditors and by extension the audit quality. Beyond auditor's independence, the primary responsibility of the auditor is briefly divided into two. One is to establish the facts and the other is to report material facts fairly and fearlessly to members. S.359 requires the auditor to be explicit with regards to whether the annual accounts have been properly prepared (by management) and in particular whether the financial statements presented shows a true and fair view. On closer observation, establishing material facts by the auditor may be easier said than done. This is based on the fact that auditor's job is embedded with certain associated risk known as audit risk. As human, auditors are not immune to errors or oversight. Additionally auditors do not have limitless knowledge and exposure irrespective of the size and age of the audit firm. Auditor may give an inappropriate opinion on the financial statement. Audit risk is the probability that the auditor would draw invalid audit conclusions and therefore express invalid audit opinion. The audit risk can be further classified into three major components such as the control risk, detection risk and the inherent risk. A control risk implies that a material misstatement could occur either individually or in aggregate and would not be prevented, detected or corrected on a timely basis by the accounting and internal control systems. Detection risk also implies that auditor's substantive procedures do not detect a material misstatement that exist in the financial statement. While inherent risk is the susceptibility of the financial statement to material misstatement irrespective of related internal controls. Apart from audit risk, auditors must also be conversant with both internal and external business risk which guides and influences the various decisions of his clients. In audit literature, it is generally agreed that audit risk may not be eliminated completely but can only be minimize through adequate quality control measures. With this submission auditor may not necessarily be in possession of all the materials facts.

On the other hand, reporting material facts fairly and fearlessly to members is also ambiguous if our focus is on "true and fair view". In practice, what is true to the auditors, management and the shareholders may not be fair to the general public conversely, true position to the public may not be the true positions to the auditor and other interested parties within the establishment. Although, it is generally argued that the appointment of the statutory auditors is in the best interest of the shareholders (principals), management (agents), and all the other third parties (Watts & Zuo, 2011), such as the users of the audited financial statements current developments concerning auditor's negligence and the resulting liability globally is pointing to another direction.

Statement of the problem

In the last three decades, researchers globally have been investigating the various factors influencing audit quality among different establishments and auditors. As revealed by the literature, several factors influences audit quality. For example, audit quality is affected by lower cost of debt capital (Eskandari, *et.al*, 2014); ROA and ROE (Elewa & El-Hadda, 2019); accounting profit (Smii, 2016); auditors independence (Okegbe *et al*, 2019; Saputra, 2015; Haeridistia & Fadjareme, 2019; Enofe, *et al*, 2013; Zayol *et al*, 2017; Tepalagul & Lin, 2015); firm performance (Wijaya, 2020; Zalata, *et al*, 2019; Sattar *et al*, 2020; Jia & Li, 2016; Ogbodo & Aklorbuogu, 2018; Ezejiofor & Erhirhie, 2018); audit fees and audit tenure (Onaolapo *et al*, 2017; Okegbe *et al*, 2019 Ibrahim& Ali 2018; Homayoun & Hakimzat 2017; Adeniyi & Mieseigha, 2013; Ndubuisi & Ezechukwu, 2017). The factors identified above can be regarded as external to the office environments. Those researchers focusing on the internal working environments were concerned with the internal audit quality. Such as competence, objectivity and performance (Al-Matarneh, 2011); internal audit competency (Abusaleem *et al*, 2019); internal auditor competency (Nurdiono & Gamayuni, 2018); size of the internal audit function (Yasin & Nelson, 2012); internal audit effectiveness (Hammayo *et al*, 2020); financial accountability (Zeyn, 2018); internal audit quality evaluation (Altwaijry, 2017, Deribe & Regasa, 2014, Khani & Noroozian, 2018), Masood and Afzal, (2016) adopted however environmental variables to investigate the key determinants of audit quality in Pakistan.

In Nigeria, investment decisions are generally premised on the audited financial statement (Omokkudu & Ibadin, 2015) with specific emphasis on investor's interest in earnings quality, return on equity and earnings per share. Scholars such as Abolaji and Adeolu (2015); Ahmed and Duellman (2011); and Chidiebere, (2013) used qualitative variables of relevant, faithful, representations comparability, timeliness understand ability and verifiability of financial information to justify the reliance of audited financial statement in decisions making. However, problems associated with audit failure persist both in Nigeria and globally, hence the need for this study. This research work therefore makes a bold attempt towards investigating the environmental determinants of audit quality in Nigeria.

1.1 Objective of the study

The main objective of this study is to investigate the environmental determinants of audit quality among auditors in both public and private sector of the Nigerian economy. Specific objective are to:

1. Evaluate the effect of promotion and reward of auditors on audit quality
2. Examine the impact of the availability of budget to the auditors on audit quality
3. Investigate the effect of top management support to the auditors on audit quality
4. Ascertain how auditor's performance affect audit quality
5. Establish how regular training and development of auditors impact on audit quality
6. Evaluate the effect of physical work environment of the auditors on the quality of audit and
7. Ascertain how the autonomy to implement audit techniques learnt during training affect audit quality in Nigeria.

1.2 Hypotheses

The following null hypothesis are tested in this study at 0.05 level of significance

Ho 1: Promotion and reward does not have significant effect on audit quality in Nigeria.

Ho 2: Availability of budget do not have significant impact on audit quality in Nigeria

H0 3: There is no significant effect of top management support to the auditors on auditor quality

H0 4: Auditors performance does not have significant impact on audit quality

H0 5: Training and development of auditors have no significant effect on audit quality

H0 6: There is no significant impact of the physical work environment of the auditors on audit quality

H0 7: Autonomy to implement audit techniques learnt during training by the auditors does not have significant effect on audit quality.

2. Literature Review

Research studies that investigated the key determinants of audit quality (AQ) are very many but with contradictory and conflicting positions. Some of these studies identify top management support, physical work environment, auditors' performance, auditor's rotation, size of the audit firm, size of the audit committee, sector based specialization of the audit firms and auditor's independence. Other scholars observed that factors influencing AQ would also include client importance to the auditor's, auditor's tenure, client affiliation, performance of non-audit services, by the external auditor of the firm internal factors (such as behavioral, technical and relational), audit fees, competence, objectivity and performance of internal auditors. Audit efficiency, reputation of the audit firm, proficiency of auditor's, board independence, ownership structure, frequency of audit committee meetings, size of the internal audit functions, qualifications of the audit committee members, professional ethics and auditor's experience are major variables considered significant in affecting AQ.

Researchers from another perspectives attributed AQ to such factors as professional skepticism, audit committee independence, use of IT by the internal auditor, investors perception, of the "big 4" audit firms, together with the quality of the financial statement presented by the management for audit purposes. The aforementioned opinion were expressed by scholars such as Wijaya (2020); Sattar, Javeed and Latief (2020); Hummayo, Shittu and Abdullahi (2020); Tapang, Kankpang, Inah, Bassong and Uklala (2020); Okegbe, Ojimadu, Orajekwe and Egbunike (2019), Saleem, Zraqat and Okour (2019); Hardiningsih, Januarti, Oktaviani, Srimindarti and Udin (2019); Haeridistia and Fadjareme (2019); Elewa and El-Haddad (2019); Sulaiman, Yasin and Muhamad (2018); sulaiman (2018), Nurdiona and Gumayuni (2018); Zeyn (2018); Ibrahim and Badarvy (2018); Khani and Norvozian (2018); Ezejiofor and Erhirhie (2018); Onaolapo, Ajulo and Onifade (2017); Masood and Afzal (2016); Jia and Li (2016); Saputra (2015); Eskandari, Abdul Rashid, Basirudin and Hosseini (2014); Tepalagul and Lin (2015); Deribe and Regasa (2014); Paydarmansh, Salehi, Moradi and Khorami (2014); Farouk and Hasan (2014); Adeniyi and Mieseigha (2013); Yasin and Nelson (2012); Enofe, Mgbame, Okunega and Ediae (2013); Al-Khaddash, Al-Nawas and Ranadan (2013); Al-Malarneh (2011); and Avezoo (2011); among others. One way therefore be tempted to situate that each scholar were merely expressing their opinion based on their peculiar environment as it affects audit quality.

From the perspective of Nigeria, a handful of scholars have contributed to the recurring debate on AQ using different variables. Ndubuisi and Ezechukwu (2017) investigated the major determinants of audit quality by obtaining the relevant data from Deposit Money Bank listed on the Nigeria Stock Exchange. The study observed that a positive and statistically significant relationship exist among audit fees, audit firm size, auditor's tenure and AQ. By implication, one is tempted to opine from the study that the higher the audit fee the higher the AQ or vice versa. Same position for audit higher and audit firm size. However, in practice, higher audit fees may negate auditor's independence and objectivity through self-interest threat, for audit tenure, the longer the auditors stays with an organization, the high the risk of familiarity threat and subsequently, the lower the AQ. Zayo, Kukeng and Iortule (2017) examine the relationship between auditor's independence and AQ. The study established a strong relationship between AQ and auditor's independence with empirical data from the review of related literature. Additionally, client's affiliation with the audit firm, client's importance, performance of non-audit services and audit tenure were identified as major threat influencing auditor's independence. Babatolu, Aigienohuwa and Uniamikojbo (2016) relied on purposive sampling technique to obtain relevant data from seven out of the 20 listed deposit money bank in Nigeria. The focus of the study was to evaluate the effect of auditor independence on AQ. The outcome of the investigation established a positive relationship among audit firm rotation, audit fees and AQ. However, the relationship among AQ, audit firm tenure and financial leverage is negative while the AQ and company size exhibited a strong and positive correlation. In the same vein, Enofe, Ngbame, Okunega and Ediea (2013) interrogated the relationship between auditor's independence and AQ among listed firms on the Nigeria Stock Exchange. The study obtained relevant data from 20 listed companies and subjected to both descriptive and inferential statistical analysis. Findings indicated that as auditor's independence increases AQ also improves. However, AQ reduces whenever board independence and ownership structure increases. The position of Okegbe, Ojimadu, Orajekwe and Egbunike (2019) with regards to AQ and auditor's independence is not too different. The study utilized empirical data from oil and gas sector of the Nigeria economy to establish the relationship between the two variables. Findings reveals that both audit fees and audit tenure are positively correlated with AQ. Onaolapo, Ajulo and Onifade (2017) also examine the impact of audit fee on AQ based on data collected from the Cement manufacturing firms in Nigeria. Result of the regression analysis posit that client size, leverage ratio, audit tenure and audit fees exhibit a joint significant relationship with the AQ. With regards to the impact of AQ on financial performance within the Nigeria sector, Farouk and Hassan (2014) indicated that auditor's size and audit independence have significant effect on the financial performance of quoted cement manufacturing firms in Nigeria. Ogbodo and Akabuaga (2018) investigated the impact of AQ on the financial performance of selected banks in Nigeria. The study adopted the audit firm size and audit committee independence to proxy AQ while return on equity and the profit margin proxy financial performances. Analysis of the data through regression established that firm size and audit committee has significant effect on return on equity while net profit margin and audit committee size of Nigerian bankers are positively correlated.

Tapang, Kankpang, Inah, Bessong and Uklala (2020) examine the influence of audit quality control on audit report in Nigeria. The study obtained relevant data purposively from 92 audit firms out of a population of 916 audit firms in the country. The dependent variable is audit report while independences consultation, supervision, hiring, advancement, inspection, peer review, professional ethics among others were used to proxy audit quality control. Analysis of the data based on regression revealed that all the audit quality control proxy have a huge impact on audit reports. Apart from examining the AQ from the external auditor's viewpoint, Hammayo, Shittu and Abdullahi (2020) investigated the impact of auditor's proficiency and AQ on internal audit effectiveness in Nigeria's federal public service. The study obtained primary data from 139 internal auditors across 28 self -accounting federal public establishments operating in the North East geo-political zone of Nigeria. Analysis of the data through the structural equation modelling observed that competence and the quality of internal audit exhibited positive and significant influence on internal audit effectiveness. However, information and communication technology reveals an insignificant positive relationship with internal audit effectiveness in Nigeria. Ibrahim and Alifo (2018) also evaluated the effect of audit fee on the AQ of conglomerates firms in Nigeria. Relevant data were collected from the annual financial reports of listed companies from 2004 to 2015. The inferential statistics observed that audit and audit firm size are positively correlated with the company AQ

Outside Nigeria, the issue of AQ is a global phenomenon since the origin of Enron case. In Iran, Paydarmansh, Salehi, Moradi and Khorrami (2014) relied on evidences obtained from Tehran Stock Exchange to study the effect of independent AQ on the quality of financial disclosure. The result of the multiple regression observed a positive correlation between AQ and quality of financial information. However, the study no relationship among auditor tenure, audit fee income of the audit firm, audit industry specialization and quality of information. The implication of this submission is that AQ largely depends on the quality of financial information presented to the auditor's by the company's management. Homayoun and Hakimzadeh (2017) also investigated the effect of audit fees on AQ using empirical analysis obtained from family firms in Iran. The researchers obtained data from 30 family firms and also 30 non-family firms. Analysis of the data indicated that a significant difference exist between the audit for payable in family firms and non-family firms. However, the study observed no difference in terms of size, auditor experience and AQ between family and non-family firms. Khani and Noroozian (2018) investigated the factor influencing the quality of internal audit of health insurance organization in Iran. Data were collected from 200 people purposively from a population 400 individuals. Descriptive and inferential statistics indicated that experience related to accounting, education, training and outsourcing of accounting function has a direct and significant impact on internal audit quality. In Egypt, Ahmed (2014) interrogated the auditor's perception of the effect of audit firm rotation and AQ. The study adopted survey research design and obtained data from 83 auditor's registered in Egypt. Analysis of the data through inferential statistics revealed mixed results. While the findings established positive relationship between auditor's independence and mandatory auditor rotation, the relationship between mandatory auditor's rotation and client-specific knowledge is negative.

Mahmond (2015) evaluated the impact of having joint auditor's on AQ. Researchers obtained empirical data from 32 firms listed on the Egyptian Stock Exchange from 2009 to 2013. The results of the multiple regression opine that organizations audited by joint auditors are perceived to be more conservative than those establishment audited by single audit firm. However, this research did not indicate the size of the audit firms and whether the result would remain the same if the size of both the audit firms and the clients firms are considered. Elewa and El-Haddad (2019) embarked on a study designed to establish the impact of AQ on firm performance using a panel data approach. The study collected appropriate data from 30 non-financial firms listed on the Egypt Stock Exchange from the period of 2010-2014. The study observed no significant effect of AQ (proxy by auditor experience and audit rotation) on firm performance measured by the return on assets (ROA) and return on equity (ROE). The study conducted by (Ibrahim & Badawy, 2018) relied on experimental evidence from Egypt to investigate the impact of AQ on non-professional investor's decision. The result of the experiment observed that in a single audit scenario, the perception of the investors is that services provided by the big 4 are superior to the non big4. However, in a joint audit situation the superiority of AQ when compared with the "big 4" is not the same as perceived by the Egyptian non-professional investors. Tepalagul and Lin (2014) embarks on a comprehensive review of academic literature with reference to the effect of auditor independence and AQ. The outcome of the review produced a mixed evidence which justifies further research among scholars. However, the study observed four major threats to auditor independence including (i) client importance (ii) auditor's tenure (iii) non-audit services and (iv) client affiliation with audit firms. A similar review conducted earlier by Avezoo (2011) opine that AQ is a concept that has different meanings and interpretations to different people. Therefore a critical study of AQ must be classified into seven groups such as (i) direct and indirect measure of AQ (ii) studies based on source of differentiation (iii) studies that rely on output, process and input (iv) organization aspects (v) behavioural perspectives and AQ (vi) different perceptions of AQ and (vii) other studies. In Indonesia, the issue associated with AQ also dominates discussion among the scholars and researchers. For example, Abdul, Sutrisuo, Rasidi and Achsin (2014) interrogated the aspect of auditor's competence and independence on AQ using professional commitment and audit time budget as a moderating variable. The scholars obtained the perceptions of 278 public accountants on auditor's competence, professional commitment, independence, audit time budget and AQ. Findings opine that auditor's competence, auditor independence and professional commitments positively influence the AQ. Conversely, audit time budget exert negative pressure on auditor independence, competence and AQ. With relevant data from the Indonesian manufacturing firms Wijaya (2020) also examined the impact of AQ on firm value. Findings observed that AQ has a positive effect on the value of manufacturing companies listed on the Indonesian Stock Exchange. Hardininsih, Januarti, Oktaviani, Srimindarti and Udin (2019) identified the major determinants of AQ among professional auditors in Indonesia. The study adopted purposive sampling technique to obtain relevant data from 105 respondents. The result of the multiple regression opine that professional skepticism, competence professional ethics and auditor's independence have significant positive effect on AQ. Furthermore, professional ethics strengthens the relationship between competence and auditor independence on AQ. According to Saputra (2015), the more independent an auditor, the higher the AQ. AQ in this case is viewed as an audit conducted in line with the generally acceptable auditing standard which is due to detect and report material misstatements in the financial statements. In addition, AQ should involve disclosure caused by either an error or fraud and able to provide assurance of internal control and going concern warnings. Therefore, AQ is majorly affected by the auditor's independence. Haeridistia and Fadjarenie (2019) also interrogated the inter-relationship that exist among auditor's independence, auditor's experience, professional ethics and AQ. Analysis of the data from 127 respondents opine that auditor's independence, auditor experience and professional ethics directly influence the AQ. Sylvia, Fitriany, Arie and VIska (2012) study the impact of auditor's rotation and audit tenure of the auditor's and the public accounting firms in Indonesia. The effect was examined from two perspectives, that is, before and after the implementation of the mandatory auditor's rotation. Two different observation periods was adopted in the study 1991-2001 (representing years before the mandatory) rotation law and 2004 – 2008 (for the year the regulations). Analysis of the data observe that longer audit tenure resulted in lower AQ after the mandatory period of auditor's rotation. On the other hand, prior to the regulation longer audit tenure increased AQ. The main challenge with this submission is partly due to human perception and the adopted variables used to capture AQ. Without any scientific data, it is generally assumed that the auditor stays on a particular job, the more experience and exposure the auditor's acquires. These attributes would therefore reduce audit time and increase AQ. Again, the negative effect of familiarity threats occasioned by longer auditor's tenure is omitted. Tyasari (2018) adopted the qualitative analysis on the practitioners' expectations to review the developments on AQ in Indonesia. The writer obtained relevant data from face-to-face interviews with the public accounting practitioners. The institutional analysis adopted reveal the regulators role and the implementation of AQ conducted by practitioners in their audit firm. The focus of Nurdiomo and Gamayuni (2018) were mainly the effect of internal auditor's competency on internal audit quality together with its implication on the accountability of local government. The path analysis of the data obtained from internal auditors in Lampung Province observed that internal auditor competency positively and significantly affects internal audit quality. Furthermore; internal audit quality positively and significantly affects financial accountability of regency in Indonesia. By implication, the higher internal auditor competency, the better the AQ.

In Australia Monroe and Hossain (2013) examined whether the association between AQ and audit partner tenure remain significant after the implementation of mandatory audit partner rotation. The auditor's obtained a sample data of 4.711 from the financially distressed banks from 2006-2010. Findings observed that the implementation of mandatory audit partner rotation had improved AQ. This position is therefore similar to the outcome established in other study (Fitriany, *et al.* 2012). Noor (2018) however investigated the attributes and drivers of AQ from the perspective of the UK quality inspectors. Half of the quality inspectors opine that the level of AQ varies according to the external auditors and adequacy of evidence together with documentation are two key recurring issues in the inspection process. Using the South Korea experience, Park (2017) examined the effect of audit quality on accrual by interrogating the influence of the Big 4 auditor's. The study obtained data from a sample of 3,618 firm years listed on the Korea Stock Exchange from 2000 to 2010. Findings clearly indicate that large business conglomerates audited by the Big 4 have lower accrual quality than other smaller establishment. However, multinational establishments who engages the services of the Big 4 auditors for non-audit services and pay higher fee have achieve higher accrual quality than the others. The implication by this position could be that the Big 4 auditor's merely satisfy the needs of their clients at the expense of the users of the audited statements (such as the existing and potential investors, financial institutions, tax authorities among others). As a result of the enormous power associated with high audit fees, exercising absolute independence by the external auditor's may be challenging. On the other hand, the report of the non-audit services are not usually subjected to any scrutiny, management are usually more comfortable with the external auditor's report. The perception of this "Confort" by management increase auditor's independence. This may therefore be partly responsible why the accrual quality of large firms paying greater amount for non-audit services is reported to be higher than others.

Internal Audit Quality Yasin and Netson (2012) investigated the influencing effect of audit committee and internal audit on AQ. The study adopted the audit fee as proxy for AQ while audit committee meetings, experience of the audit committee members, professional accounting affiliations, post graduate qualifications and structure of the internal audit department proxy the independent variable. The study obtained relevant data from 200 Malaysian listed companies between 2009 to 2010 financial year. Findings observed that a positive relationship among external audit fees, AQ, audit committee with post graduate qualifications and frequency of audit committee meetings. Furthermore, external audit fees, AQ and size of the internal audit function also exhibited a positive relationship. By implication, the higher the number of audit committee members with postgraduate qualifications, the higher the AQ. The higher the member of audit committee meetings, the higher the AQ. Also the larger the size of the internal audit function the higher the AQ. However, for these submissions to remain valid, it is logical and appropriate to moderate each position. For example, the post graduate qualification must be in the relevant area to the core business of the enterprise, accounting or finance related. Additionally, deliberation at the audit committee meetings must be devoted entirely to audit related issues and not boardroom politics. Finally, the size of the internal audit function is not as important as the quality of personnel dominating the internal audit unit. The essential quality of internal audit personnel must include objectivity, independence, professional competence, integrity, regular training and exposure to current information technology among others. Eskandari, Abdul Rasid, Basiruddin and Hosseini (2014) empirically review relevant literature on cost of debt capital and AQ. The study observed that high audit quality will lead to lower firm risk, information asymmetry and subsequently, a lower cost of debt capital.

Based on empirical evidence from Jordan, Matarneh (2011) investigated factors determining the internal audit quality in banks. The main focus of the paper was to establish if any, the relationship between performances, objectivity, competence and the quality of internal audit. The study collected responses from internal auditors of 24 Jordanian banks. Findings from the perception of the internal auditor's established competence, objectivity and performance as key influencing factors of internal audit quality. However, in the order of ranking, "performance" constitute the highest indicator, followed by "competence" and "objectivity". Abusaleem, Zraqal and Okour (2019) examined the impact of internal audit quality (IAQ) on enterprise risk management in Jordan. The focus of the study was to investigate the effect of internal auditor's independence, internal audit work scope and professional care for internal audit staff on Enterprise Risk Management (ERM). Data for the study was obtained from a sample of 126 employees in the internal audit and risk management department of Jordanian public shareholding firm. Findings reveals that there is a statistically significant effect for internal audit as it relates to Enterprise Risk Management (ERM). Additionally, the scope of the internal audit work has the least effect while internal auditor's independence has the most significant effect on ERM. Altwaijry (2019) relied on external auditor's perception to interrogate the relationship between reliance decision and internal audit quality evaluation in Saudi Arabia. Data was collected through questionnaire from a random sample of 120 external auditor's (50 from the Big 4 firms and 70 from other firms). The result of the analysis observed that most important factors influencing internal audit quality (IAQ) include: (i) following up with the recommendations (ii) audit staff have free access to all employees and documents (iii) providing recommendations in the report (iv) IAF covers all different aspects of the company and (v) appointment and removal of directors of IAU in the hand of audit committee or board of directors. On the other hand, least influencing factors according to the external auditors are (i) the size of the IAU in terms of personnel and (ii) the size of the IAU in terms of budget. To the personnel external auditors, personnel size and budget availability to the internal auditor's may not be an important variables in their reliance decision but to the internal auditors themselves these two factors are likely to be the most important variables affecting the quality of their work. Deribe and Regasa (2014) also investigated the factors determining the internal audit quality with empirical evidence from commercial banks in Ethiopia. The study obtained data through survey design from 160 internal auditors among 15 commercial banks. The result of the multiple regression opine that performance, competence and use of information technology by internal auditors are significant factors affecting internal audit quality. As posited by Matarneh (2011), the regression result shows “performance” as the highest determinant factor of IAQ, followed by “competence “ and then information technology.

3. Methodology

The study adopted a survey research design. Relevant primary data were collected from the respondents through an adopted structured questionnaire designed by (Masood & Afzal, 2016). Several scholars supported this approach based on an argument that people’s intention is better measured via survey study and that causal or prediction relationship are better tested with survey (Ogunbameru & Ogunbameru, 2010; Sanders, Lewis & Thormhill, 2009). Population framework for the study comprises of both government auditors at federal and state also qualified chartered accountants working in auditing firms. A sample of 110 auditors were selected through purposive sampling technique. Auditors from Lagos were targeted because a large number of audit firms are located in Lagos being the commercial nerve center of Nigeria. The breakdown of the respondents revealed that 48 works with the public sector while 62 auditors are consultants with the private sector. The sample however comprises of auditors from different age bracket, educational background and experience.

The study adopted a quantitative approach by measuring auditors’ view on a graduated scale for statistical analysis in order to have a reasonably accurate measurement of the construct rather than using observation. The questionnaire was sectionalized to reflect demographic information, independent and dependent variables auditors’ opinion were rated using the five point Likert scale. Internal consistency (reliability test) was investigated on the research information using Cronbach alpha reliability, with the aid of SPSS version 23. The result of the test shows coefficient ranging between 0.647 to 0.899 among the constructs. The overall scale was found to be highly reliable with 0.917 from 34 items (34 items: a=0.917)

Given these result, it is observed that the instrument is reliable and capable of producing consistent results. The associational statistics tested the correlation between the variables, while the inferential statistics examined the hypotheses and consequently draw conclusions.

Table 1: Reliability of the Instrument

Variables	Cronbach's Alpha	Construct
Promotion and reward	.806	4
Availability of budget	.785	3
Audit quality	.790	7
Top management support	.647	2
Auditor’s performance	.876	9
Training and development	.899	2
Physical work environment	.828	3
Autonomy to implement audit techniques learnt during training	.876	4
Overall	.917	34

Source: Authors’ Computation from SPSS 23

3.1 Model specification

Based on the available primary data, the following model function were developed

Y = f (x) -- (1)

y = Dependent variable (Audit quality)

x = Independent variable (Environmental Determinants of Audit quality)

AQ= *f* (ED) -- (2)

Y= (x1, x2, x3, x4, x5,x6, x7)

x1= Promotion and Reward (PR)

x2= Availability of Budget (AB)

x3= Top management support (TMS)

x4= Auditor's performance (AP)

x5= Training and Development (T&D)

x6= Physical work environment (PWE)

x7= Autonomy to implement audit techniques learnt during training (AAT)

Y = Audit Quality

From these sub- variables formulated as the proxies to measure the major variables, the study established the following functional relationships to test the research objectives using primary data.

AQ= *f* (PR) ---Equation 1

AQ= *f* (AB) ---Equation 2

AQ= *f* (TMS) ---Equation 3

AQ= *f* (AP) --Equation 4

AQ= *f* (T&D) ---Equation 5

AQ= *f* (PWE) ---Equation 6

AQ= *f* (AAT) ---Equation 7

AQ= *f* (PR, AB, TMS, AP, T&D, PWE, AAT) ---Equation 8

Equation 1-8 is thus expressed structurally as:

$AQ = \beta + \beta PR + \mu$

$AQ = \beta + \beta AB + \mu$

$AQ = \beta + \beta TMS + \mu$

$AQ = \beta + \beta AP + \mu$

$AQ = \beta + \beta T\&D + \mu$

$AQ = \beta + \beta PWE + \mu$

$AQ = \beta + \beta AAT + \mu$

$AQ = \beta_0 + \beta_1 PR_1 + \beta_2 AB_1 + \beta_3 TMS_1 + \beta_4 AP_1 + \beta_5 T\&D_1 + \beta_6 PWE_1 + \beta_7 AAT_{1+}\ \mu$

From equation 1-7 β_0 is the intercepts and β_1 represents the estimated parameters for audit quality for equation 8.

4. Result and Discussion of findings.

Table 2: Summary of Descriptive Statistics

S/N	Variables	Construct	Weighted
1.	Audit quality (AQ)	7	3.71
2.	Promotion & Reward (PR)	4	3.92
3.	Availability of Budget (AB)	3	3.09
4.	Top Mgt Support (TMS)	2	3.82
5.	Auditor's Performance (AP)	9	3.96
6.	Training & Development (TD)	2	3.69
7.	Physical Work Environ (PWE)	3	3.78
8.	Autonomy to Implement Audit techniques (ATA)	4	3.83

Source: Field Survey, 2020

Interpretation

The result in table 2 above shows the positive of the respondent with regards to each of the variables the weighted mean ranges between 3.09 (availability of budget) and 3.96 (auditors performance). This clearly reveals that on the average, the respondents agreed that each items adequately captured the selected variables.

Correlation Analysis

The correlation **Table 3** displays Pearson correlation coefficients, significance values, and the number of cases with non-missing values (N). The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. The correlation coefficients on the main diagonal are always 1, because each variable has a perfect positive linear relationship with itself. The significance of each correlation coefficient is also displayed in the table. The significance level (or p-value) is the probability of obtaining results as extreme as the one observed. If the significance level is very small (less than 0.05) then the correlation is significant and the two variables are linearly related. If the significance level is relatively large (greater than 0.05) then the correlation is not significant and the two variables are not linearly related. Correlation coefficients significant at the 0.05 level are identified with a two asterisk, and those significant at the 0.01 level are identified with single asterisks.

Table 3: Summary of Inter - correlations among the variables (N=109)

	Variables	1	2	3	4	5	6	7	8
1.	Audit quality (AQ)	1							
2.	Promotion and reward (PR)	.323**	1						
3.	Availability of budget (AB)	.271**	.243*	1					
4.	Top Management support (TMS)	.576**	.428**	-.031	1				
5.	Auditor's performance (AP)	.299**	.811**	.081	.366**	1			

6. Training and Development (TD)	.249**	.617**	.257**	.295**	.459**	1		
7. Physical work environment (PE)	.266**	.753**	.193*	.375**	.753**	.406**	1	
8. Autonomy to implement (AT)	.245*	.411**	.244*	.262**	.321**	.485**	.153	1
Mean	73.68	78.44	61.83	76.24	79.14	73.85	75.66	76.56
SD	7.86	13.72	10.22	9.31	10.03	13.74	11.56	12.09

Note: ** indicates significance at P< .01 **** indicates significance at P< .05***

Source: Author's Computation, 2021

Table 4: A summary of Simple Linear Regression of seven predictors on Audit quality

Predictors	***β***	***S.E(β)***	***T – statistic***	***Model Adequacy***
Constant	59.144	4.174	14.169*	R^2 = .105
Promotion and reward	.185	.052	3.535*	SE = 7.48
Constant	60.802	4.488	13.548*	R^2 = .073
Availability of budget	.208	.072	2.909*	SE = 7.61
Constant	36.591	5.128	7.136*	R^2 = .332
Top Mgt. Support	.487	.067	7.287*	SE = 6.46
Constant	55.144	5.768	9.561*	R^2 = .089
Auditor's performance	.234	.072	3.240*	SE = 7.54
Constant	63.137	4.025	15.686*	R^2 = .062
Training & development.	.143	.054	2.665*	SE = 7.65
Constant	60.002	4.852	12.368*	R^2 = .071
Physical work environment	.181	.063	2.852*	SE = 7.62
Constant	61.476	4.725	13.011*	R^2 = .060
Autonomy to implement audit techniques	.159	.061	2.615*	SE = 7.66

Note: * indicates significance at P < .05

Source: Author's Computation, 2021

A linear regression was conducted to predict audit quality based on promotion and reward. A significant regression equation was found (t(108) = 3.535, P < .05), with R^2 = .105, which implies that promotion and reward can only account for 11% of the variation in audit quality. Hence, the predicted audit quality is equal to 59.144 + .185(promotion and reward). While another linear regression was conducted to predict audit quality based on availability of budget. A significant regression equation was found (t(108) = 2.909, $P < .05$), with $R^2 = .073$, which implies that availability of budget can only account for 7.3% of the variation in audit quality. Hence, the predicted audit quality is equal to 60.802 + .208(availability of budget). Also, another linear regression was calculated to predict audit quality based on top management support. A significant regression equation was found (t(108) = 7.287, $P < .05$), with $R^2 = .332$, which implies that top management service can only account for 33.2% of the variation in audit quality. Hence, the predicted audit quality is equal to 35.591 + .487(top management service). In addition, simple linear regression was calculated to predict audit quality based on auditors' performance. A significant regression equation was found (t(108) = 3.240, $P < .05$), with $R^2 = .089$, which implies that auditors' performance can only account for 9% of the variation in audit quality. Hence, the predicted audit quality is equal to 55.144 + .234(auditors' performance). However, simple linear regression was calculated to predict audit quality based on training and development. A significant regression equation was found (t(108) = 2.665, $P < .05$), with $R^2 = .062$, which implies that training and development can only account for 6.2% of the variation in audit quality. Hence, the predicted audit quality is equal to 63.137 + .143(training and development).

Furthermore, simple linear regression was calculated to predict audit quality based on physical work environment. A significant regression equation was found (t(108) = 2.852, $P < .05$), with $R^2 = .071$, which implies that training and development can only account for 7.1% of the variation in audit quality. Hence, the predicted audit quality is equal to 60.002 + .181(Physical work environment).
Lastly, another linear regression was calculated to predict audit quality based on autonomy to implement audit techniques learnt during training. A significant regression equation was found (t(108) = 2.615, $P < .05$), with $R^2 = .060$, which implies that training and autonomy to implement audit techniques learnt during training can only account for 6% of the variation in audit quality. Hence, the predicted audit quality is equal to 61.476+ .159(autonomy to implement audit techniques learnt during training).

Hierarchical Multiple Regression Analysis

Prior to conducting of a hierarchical multiple regressions, the relevant assumptions of this statistical analysis were tested. Firstly, a sample size of 109 was deemed adequate given seven explanatory variables to be included in the analysis. Green (1991) suggested 106 participants as appropriate via the formula: $N > 50 + 8m$ (where m is the number of independent variables).
The assumption of singularity was also met as the independent variables (Promotion & reward, Availability of budget, Top mgt. support, Auditors' performance, Training & development, Physical work environment and Autonomy to implement audit techniques learnt during trainings) were not a combination of other independent variables. An examination of correlations (Table 3) revealed that no independent variables were highly correlated. However, as the collinearity statistics (i.e., Tolerance and VIF) were all within accepted limits, the assumption of multicollinearity was deemed to have been met (Table 5). Residual and scatter plots indicated the assumptions of normality, linearity and homoscedasticity were all satisfied (figs 1 & 2)

Table 5:
A table providing a summary of Hierarchical regression analysis between the seven predictor variables on Audit quality

Predictors	β	S.E(β)	*T – statistic*	R^2	ΔR^2	*Tolerance*	*VIF*
Stage 1							
Constant	22.290	6.067	3.674**				
Availability of budget	.222	.057	3.882**			.999	1.001
Top Management support	.494	.063	7.866**	.415	.415	.999	1.001
SE = 6.07, R = .644, F(2,106) = 37.576, p = .000							
Stage 2							
Constant	16.884	7.508	2.249*				
Availability of budget	.243	.064	3.813**			.821	1.218
Top Mgt. support	.497	.073	6.854**			.766	1.305
Promotion and reward	-.065	.093	-.700			.213	4.688
Auditor's performance	.175	.112	1.555			.274	3.643
Training and Development	.000	.058	.006			.547	1.827
Physical work environment	-.067	.089	-.757			.331	3.019
Autonomy to implement	.002	.060	.039	.429	.014	.660	1.516
SE= 6.14, R = .655 F(7,101) = 10.850, p = .000							

Note: ** indicates significance at P< .01
**** indicates significance at P< .05***
Source: Author's Computation, 2021

The hierarchical multiple regression revealed that at stage one, two variables were included: availability of budget and top management support. These variables contributed significantly to the regression model, ($F(2,106) = 37.576$, $p < .01$). The relationship between variables were fairly strong ($R = .64$) and accounted for approximately 42% ($\Delta R^2 = .415$) of the variance in audit quality. Though, both availability of budget ($\beta = .222$, $t(109) = 3.882$, $p = .00$) and top management support ($\beta = .494$, $t(109) = 7.866$, $p = .00$) had a statistically significant impact.

Adding stage 2 to the regression model accounted for an additional 1.4% ($\Delta R^2 = .014$) of variation in audit quality and this change in R^2 was significant, ($F(7, 101) = 10.850$, $p < .01$) and the relationship between these variables were fairly strong ($R = .66$). However, none of the five variables added at this stage was a significant predictor of audit quality (Promotion and reward, $\beta = -.065$, $t(108) = -.700$, $p = .49$; Auditor's performance, $\beta = .175$, $t(108) = 1.56$, $p = .12$; Training and development, $\beta = .00$, $t(108) = .01$, $p = .99$; Physical work environment, $\beta = -.067$, $t(108) = .76$, $p = .45$; and Autonomy to implement audit techniques learnt during training, $\beta = .002$, $t(108) = .06$, $p = .97$).

Moreover, it is also demonstrated from the change in the R^2 value of the model at the second stage that the five predictors accounted for a further 1.4% of variation in audit quality. Together the seven predictor accounted for 43% of the variance. Therefore, the most important predictors of audit quality are availability of budget and top management support because both are statistically significant at the two stages of the model. Hence, the fitted regression equation for this model is; **Audit quality** = 22.290 + .222*availability of budget + .494*top management support.

4.1 Implication of findings

The findings of this study have implication to both corporate and institutional investors audit staffs, government agencies, lenders and creditors, regulators and researchers. The study showed that the quantitative measurement used in this research work informed that auditor's working environment has significant effect on audit quality. The findings informed the policy measured that can be taken by audit firms, Auditor-General and regulators in providing the users of audited financial statements with quality based report for the purpose of effective control performance evaluation and decision making. Corporate and institutional investors are provided with the information from this study, that auditor's working environment (promotion and reward, availability of budget and auditors' performance) are imperative in enhancing audit quality and also the quality of investment decision. Audit staffs are provided with information that specified those environmental variables that influences audit quality. Government agencies are exposed to the dangers of stagnating audit staff on the same level without adequate funding for too long. Lenders and creditors are provided with information regarding those factors influencing audit quality and it potential effects on credit policy. To the researchers, the study provides additional literature in the field of audit quality. Additionally, both financial and audit regulators are provided with other influencing factors of audit quality apart from those currently itemized under the quality control policies.

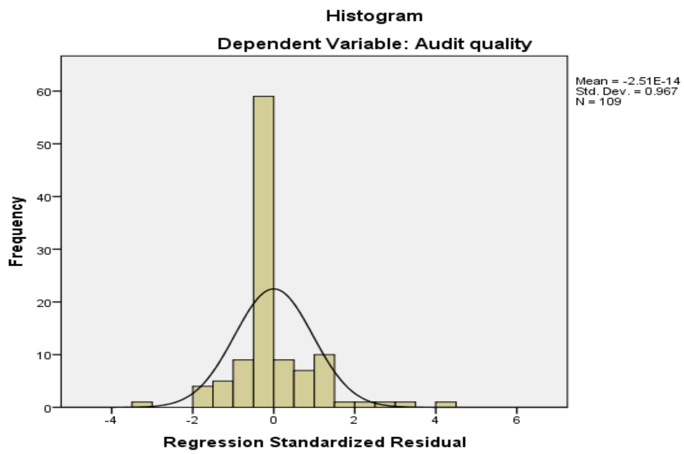

Figure 1: Histogram of residual:

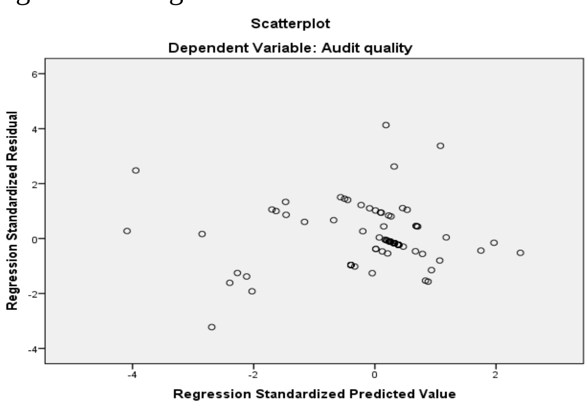

Figure 2: Scatter plot of residual

5. Conclusion and Policy Recommendations

The study examined the environmental factors influencing audit quality in Nigeria. Environmental determinants were proxied by promotion and reward, budget availability, top management support, auditors' performance, training and development, physical work environment and autonomy to implement audit techniques learnt during training. Findings reveals that the most important predictors of audit quality are top management support and availability of budget to the auditors. The influence of promotion and reward, auditors' performance, training and development, physical work environment and autonomy to implement audit techniques learnt during training on audit quality were not statistically significant. However, combining the seven variables together, environmental determinant has a significant influence on audit quality (Adj $R2 = 0.429$, $R= 0.655$ $F (7, 101) = 10.850$, $p = 0.000$). These results are in agreement with the position of Masood & Afzal, 2016; Hong *et. al*,2013, Saeed *et. al*, 2013; Young & Pon, 2013; Naseem *et. al.* 2012. And Rain *et. al*, 2011.

Based on the above findings. The following recommendations may assist in enhancing audit quality:

i. Top management must provide the needed technical and moral support to the auditors apart from making available the required infrastructural amenities, engagement partners and the Auditor-Generals must always exhibit leadership by example in all their conduct. A situation where the auditees are more comfortable discussing audit queries with the engagement partners or the Auditor- General rather than the field auditors that issued the audit query would convey a negative impression about audit quality. Therefore, top management in both private and public practice must always provide the needed cover and support to their field officers.

ii. In the private sector of the economy, audit partners monitors and control the external audit while the internal auditors are responsible to the chief executive of the organizations. To enhance adequate promotion and reward system for the auditors. Where the field auditor are poorly rewarded for their effort, audit quality may be comprised through corruption and financial inducement from the clients or the auditee.

iii. As a result of the dynamic nature of accounting information generations and dissemination auditors must be encourage to keep abreast of modern audit techniques and procedures. Apart from membership of recognized professional accounting and auditing bodies globally, auditors must regularly participate in mandatory continuous professional training to sharpen their skills and be on top of their professional. This is because an auditor must be more knowledgeable that the reporting accountant. If the reverse is the case, then audit quality is negatively affected.

iv. In the public sector, the Auditor- General for the federation, Auditor-General of the State and the Auditor General for Local Government serve as the external auditors to the three tiers of government in Nigeria their approach and techniques follows the source pattern with those of the various firms of Chartered Accountants, however their method of appointment is quite different therefore, it is an open secret that the level of corruption in the public sector is quite high. Top management must consider regular promotion and reward for all categories of auditors as top priorities for all well motivated audit staff, the probability of compromise through financial inducement is lower.

v. The physical working environment for auditors must be kept clean and conducive at all time with appropriate humidity. Uninterrupted power supply must be guaranteed together with all the required office equipment and gadgets.

vi. In both private and public sector audit, auditors must have adequate audit budget to cater for all audit expenses. Auditor's independence is heavily compromised where the auditee are responsible for auditor's transportation, accommodation, utility bills and others. Therefore, to enhance audit quality and improve audit efficiency, auditors must be properly funded.

vii. Auditors on the field must be encourage to use their initiatives when faced with technical issues this is because irrespective of the quality of any standard, they may not cover all the circumstances in which the auditors may find himself in real practice.

viii. Also to improve auditor's performance , Auditor General and the audit firm should implement quality control policies and procedures designated to ensure that all audits are conducted in accordance with the International Financial Reporting Standards, International Standard on Auditing or relevant national standards or practice.

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NB: *f*=Frequency*; %*=Percentage

4.2 Evaluation of Application of Strategic Analysis Tools in Strategic Plans Formulation

This sub-section evaluated the application of strategic analysis tools in strategic plans formulation. Nine (9) assertions were carefully listed for respondents to evaluate the application of strategic analysis tools in strategic plans formulation of strategic management on public service delivery in the study area. Table 1.2 showed that the frequency and percentage distribution of respondents as well as the mean score and standard deviation on each of the assertions. Its values (responses) were organised utilising Likert scale of measurements. Added to that, the mean value $(\bar{\chi})$ summarised the strength of respondents for each statement, using a decision rule as thus: where $(\bar{\chi} <2.5)$, more respondents tended towards disagreement; and where $(\bar{\chi} > 2.5)$, more respondents tended towards agreement.

On the first assertion as shown in Table 1.2, 54 (26.6%), strongly agreed and 57 (28.1%), agreed to the assertion that respondents' organisations used SWOT analysis. 60 (10.3%), of respondents were not sure of this assertion; and an aggregate of 18 (8.9%), of respondents strongly disagreed, while 14 (6.9%), disagreed on this assertion. This result indicated a remarkable agreement level with the assertion, though with little disagreement by 15.8% of respondents. The position was confirmed by mean value and standard deviation $(\bar{\chi} = 3.59$, SD = 1.171).

The respondents were asked to assess whether respondents' organisations used stakeholder analysis. In their reactions, 78 (38.4%), of respondents strongly agreed and 67 (33.0%), agreed that respondents' organisations used stakeholder analysis. However, 11 (5.4%), and 18 (8.9%), of respondents strongly disagreed and disagreed respectively to this particular assertion. This implied that respondents' organisations used stakeholder analysis, as shown by mean value and standard deviation $(\bar{\chi} = 3.47$, SD = 1.021).

Conversely, it was reported that 93 (45.8%), of respondents strongly agreed that respondents' organisations used Gap analysis, while 59 (29.1%), of respondents agreed to this assertion. However, 13 (6.4%) strongly disagreed that respondents' organisations used Gap analysis, while 20 (9.9%), disagreed with this position. This implied that respondents' organisations used Gap analysis, since the mean value (3.24) was beyond the mid-point at 2.5. These results also confirmed that respondents' organisations used Gap analysis in the application of strategic analysis tools in strategic plans formulation. The mean value and standard deviation ($\bar{\chi}$ =3.24, SD = 0.972) confirmed this frequency distribution.

On the fourth item, respondents were investigated; whether respondents' organisations used PESTLE analysis. In their respective reactions, 57 representing 28.1%, of respondents strongly agreed that often time, respondents' organisations used PESTLE analysis, while 73 (36.0%), of respondents agreed on this assertion. However, 18 (8.9%) and 23 (11.3%) of respondents strongly disagreed and disagreed respectively. This underlines the fact that often time, respondent's organisation used PESTLE Analysis ($\bar{\chi}$ = 3.38, SD = 1.147).

In addition, respondents were asked to assess whether respondents' organisations used Porter's Five Forces analysis/Vining's Public Agency five forces framework. In their reactions, 104 (51.2%), of respondents strongly agreed and 41 (20.2%), agreed that respondents organisation used Porter's Five Forces analysis/Vining's Public Agency five forces framework. However, 18 (8.9%) and 23 (11.3%) of respondents strongly disagreed and disagreed respectively to this particular assertion. This implied that respondents' organisations used Porter's Five Forces analysis/Vining's Public Agency five forces framework, as shown by mean value and standard deviation ($\bar{\chi}$ = 3.08, SD = 1.002