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Audit Tenure, Firm Characteristics and Profitability of Publicly Listed Companies in Nigeria

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Abstract
This study examined the extent to which, audit tenure and firm characteristics influence the level of profitability of listed companies in Nigeria. Ex-post facto research design and panel data of eleven (11) listed healthcare, hospitality and ICT firms were employed. The variables of audit tenure (disaggregated into long and short audit periods), characteristics of firm (age and size) and profitability (earnings per share) were obtained and computed from the annual reports and accounts of the healthcare, hospitality and ICT firms from 2013-2023. The obtained data were analyzed via descriptive, diagnostic and inferential statistical techniques. The fixed and random effects panel regression results indicated that audit tenure and firm characteristics significantly influence profitability level of the listed healthcare, hospitality and ICT companies. On the other hand, descriptive results suggest that while short audit tenure appears to drive profitability the most, long audit tenure was found to be considerably low in predicting profitability level of listed healthcare, ICT and hospitality companies in Nigeria. In view of the findings, the study recommends among others that listed companies should discourage prolonged audit tenure because it affects the level of profitability negatively. Also, there is the need for listed companies to increase the level of total assets by committing more funds to asset investments to enable them persistently increase and have unwavering profitability.

Keywords: *Audit tenure; Firm characteristics; Profitability; Listed companies; Nigeria*

1. INTRODUCTION

Public concern over instances of fraud has amplified as a result of different accounting scandals. A review of auditors' behaviour from accounting scandals appears that auditors did not possess sufficient skepticisms and/or independence; thus, companies' profitability and quality of audit deteriorated with longer tenure of audit (Matoke & Omwenga, 2023). In Nigeria for instance, mandatory audit tenure has been widely acknowledged as a policy with the potential to enhance companies' profitability; however, in the early 2000s, Enron and WorldCom financial scandals reignited audit-tenure, firm-attributes and companies' performance debates.

Antagonists of mandatory audit tenure policy contended that auditing errors are more probable to occur in early years of auditor-client relationship because of loss of auditors' cumulative knowledge (Diab & Eissa, 2024). On the other hand, advocates of mandatory audit tenure policy contended that prolonged audit tenure negatively influence the level of auditor-client relationship and financial performance due to management opportunistic behaviour to manage earnings (Ezejiofor & Okolocha, 2020; Alexander, 2017). Nigeria adopted the mandatory audit tenure policy due to the contemporaneous financial scandals.

The regulatory framework of companies' operations mandated 5year mandatory audit in order to further avert future financial scandals and to restore public confidence in the auditing profession (Akhalumeh, Agweda & Ogunkuade, 2017); hence the mandatory audit tenure policy mandates companies to replace their audit firm every 5years. Audit tenure refers to number of years an audit firm audit a client or number of years a company engages the services of an auditor. As observed by Atlass (2022), audit tenure can be disaggregated into shorter and long audit periods.

While long audit tenure decreases independence and professional care and enhances the knowledge about client's internal operations, shorter audit tenure reflects that auditors have less knowledge about the client, hence leading to decreased profitability and low audit quality(Andra 2019; Alves 2019; Thai, Nguyet & Tri, 2020). On the other hand, firm characteristics are those attributes that are peculiar to a company which make such a company different from others. Firms' characteristics has been described to include but not limited to firm size, age, ownership structure, revenue growth, and leverage, liquidity (Thai, *et, al*, 2020; Debnath, 2017; Alexander & Hengky, 2017).

In the accounting literature, it appears that there are limited body of knowledge on how audit tenure and firm characteristics influence the level of profitability particularly as i concerns hospitality, ICT and healthcare companies in Nigeria. Our study differs from prior studies by jointly assessing how audit tenure and firms' characteristics influence the level of profitability. Prior studies in developed countries had reported that long audit tenure decreases audit quality, erodes auditors' independence and makes auditors to easily align with managers to underreport profit (Qawqze, et al, 2018; Martani, et al, 2021). While this appears to be true, there are other proponents that advocate that shorter audit tenure increases auditors' independence and results in increased profitability; but contrary to this, shorter audit tenure may result to audit failure which may occur in early stage of an audit service (Hamza, et, al, 2018; Choi, Lim & Mali, 2017).

Moreover, Asiriuwa, et al (2018) argued that window-dressing occur frequently as audit tenure is extended and this outcome affects the level of profitability. On the basis of the above, it appears that there are conflicting viewpoints as regards the interaction between audit tenure and profitability of companies. On the other hand, characteristics of the firm has been widely acknowledged in the accounting literature to influence profitability level of companies (Saseela, 2020; and Wahyuni, et al, 2019).

In view of the above, using two (2) variables in a unified model may provoke interesting academic debates as to why and how audit tenure and firm characteristics (age and size) interact with profitability of companies in Nigeria. More so, to the researcher's knowledge, there is little that is known about this relationship, particularly as it pertains to hospitality, healthcare and ICT companies in Nigeria; the choice of these companies is due to the fact that they companies have been adequately covered in prior studies.

1.1 Hypotheses of the Study

The following hypotheses were developed:

Ho1: Audit tenure has no significant effect on profitability level of publicly listed companies.

Ho2: Firm age has no significant effect on the level of profitability of publicly listed companies.

Ho3: Firm size has no significant effect on the level profitability of publicly listed companies.

2. REVIEW OF LITERATURE

2.1 Audit Tenure

Broadly, audit tenure refers to the number of years audit firm remains with a company or client or number of years a company employs the services of the auditor (Garcia-Blandon & Argilés-Bosch, 2013). In the accounting literature, audit tenure has been disaggregated into long and short audit periods. Long audit tenure may decrease professional care and independence of the auditor while shorter audit tenure may make the auditor to have less knowledge about the client's business or operations, hence leading to decreased quality of audit (Brooks & Guo, 2015).

Shorter audit tenure reflects an auditor with less experience of client's operations while long audit tenure implies that auditors' independence may decline. Companies change auditors for numerous reasons; first to obtain reduced audit fee from a new auditor as a new auditor may likely offer its services at a discount to attract a new client (Gwizu, et al, 2017); second, to avert auditors' independence, objectivity as well as activities that could give rise to opinion-shopping because it may lead auditors to gratify the client instead of being an objective third-party (Okolie, 2014; Okolie, 2007; Matoke & Omwenga, 2023)

Diab and Eissa (2024) found that audit tenure contributes significantly to influencing firms' profitability. In addition, prior studies (Qawqzeh, et al, 2018; Martani, et al, 2021; Atlass, 2022; Matoke & Omwenga, 2023) found that prolonged audit tenure negatively influence the level of firms' performance. Diab and Eissa (2024) also reinforced the view that the shorter the audit tenure, the better the performance, profitability or audit quality. Interestingly, prior studies on auditor tenure relying on *ex-post facto* studies had produced mixed results regarding short and long relationships between the external auditor and the client. While some studies find that profitability is not affected by long audit tenure, other studies find that profitability improves with long audit tenure. Also, some researchers still believe that profitability decreases with long audit tenure.

2.2 Firm Characteristics

Broadly speaking, the concept of firm characteristics has been well defined in accounting literature; however, with numerous descriptions. Firm characteristic are attributes peculiar to a company, which make it different from other companies (Thai, *et, al*, 2020; Debnath, 2017; and Alexander & Hengky, 2017). In other words, firm characteristics can the used as a way of distinguishing a company from another.

In the literature, firm characteristics has been described in several ways, which according to Thai, *et, al* (2020), Debnath (2017); Alexander and Hengky (2017) include firm size, listing age, revenue growth, leverage, operating expenses, liquidity, etc. Saseela, (2020); Alves, (2019); and Wahyuni, *et al*, (2019) have all considered firm size and age as vital determinants of accounting choices and thus they are seen as variables that appears to influence profitability level the most.

Arising from the above, this study employed two (2) firm characteristics variables - firm size and age. First, it is visualize that a larger firm will bring about increased profitability and quite a number of reasons have been advanced to support this assertion - larger firms have more financial strength to establish sound accounting practices; and have sufficient resources for payment of trained executives (Thai*, et, al,*2020).. Second, firm age refers to the number of listing years of a company; this measure of firm age has been widely recognized in the literature (Alexander &Hengky, 2017).

Studies maintained that older firms are more probable to have sound internal controls and governance systems compared to new ones; hence, control weaknesses, reporting delays and poor financial performance may not be linked with older firms(Alexander & Hengky, 2017). In this study, we firm size and age as measures of firm characteristics so as to see the influence they may hold for profitability of ICT, healthcare and hospitality companies in Nigeria.

2.3 Firm Profitability

Firm profitability can be ascertained through the use of financial ratios; financial ratios express relationship between variables disclosed in the financial statements. These ratios are useful in ascertaining the profitability or performance of companies (Majeed, Zhang & Wang, 2017). In other respect, profitability refers to benefits stemming from shares, functioning and operations of a company which are captured in the financial statements. Profitability can be measured using financial ratios such as earnings per share, dividend per share, return on asset, return on equity, earnings yield, profit margin, return on investment, operating profit, return on capital employed etc.

According to Dogan and Topala (2014), profitability or performance forms the core of strategic management and most strategic studies make use of the construct of profitability in an attempt to examine various strategy content and process concerns. Studies suggest that the level of profitability is dependent on several factors such as characteristics of the firm, audit tenure, corporate governance mechanisms, etc; studies that had examined how these factors interact with profitability, employed accounting-based and/or market-based measurements of profitability.

Profitability of a firm is a good indicator of assessing the overall efficiency of a company (Pervan & Visic, 2012). It is employed as a measure for earnings obtained by a company during a particular accounting period based on its level of sales, assets, capital employed, number of shares, profit after tax, net worth and so on. Shareholders are keen on knowing the level of profitability of a company because it indicates the progress and rate of return on their investments (Pervan & Visic, 2012).

Kapopoulos and Lazaretou (2007) criticised the profit measure for its backward-looking element and partial estimation of future events in terms of depreciation and amortization. In accounting, rate of profit is often limited by standards established by the accountancy profession and hence the various methods employed for the determination of tangible and intangible assets. In this study, profitability was measured via earnings per share; earnings per share refer to the profit after tax minus the preference dividend and non-controlling interest divided by the number of ordinary shares ranking for dividend. Arising from the conceptual review, the following model was conceptualized as shown in figure 1:

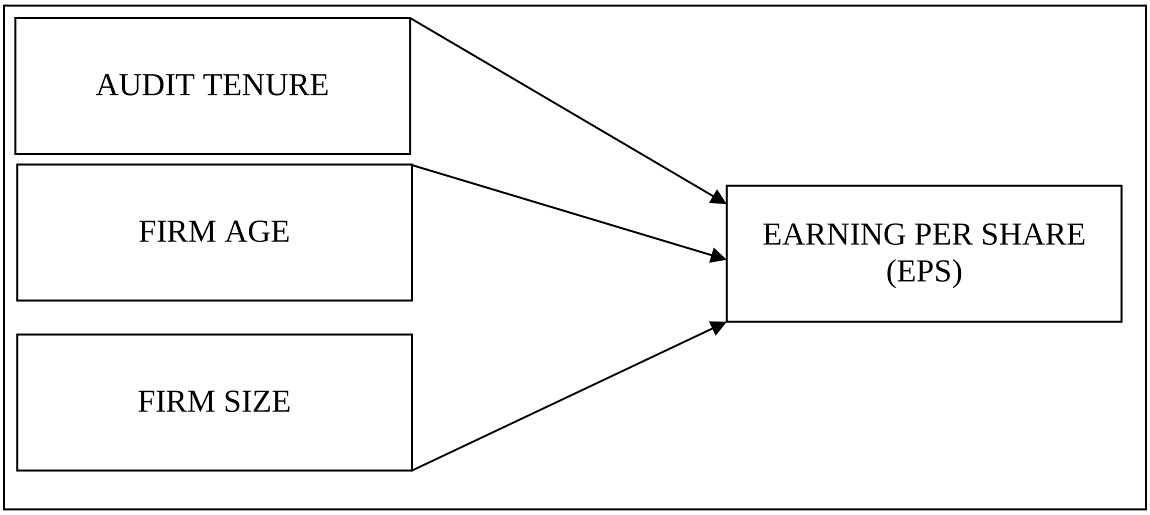

Figure 1: Conceptual Model of Study
Source: Researcher's Conceptualization (2024)

2.4 Theoretical Framework

This study was anchored on the Two-Tier Principal-Agent (TTPA) theory proposed by Tirole (1986) as cited in Diab and Eissa (2024). The TTPA suggests that external audit is an incentive to strengthen public confidence and trust in financial accounting; hence, external audit is a monitoring instrument for management activities and is deemed to motivate sound financial accounting (Chow, 1982 as cited in Choi, Lim & Mali, 2017). Audit constitutes an action delegated by investors in terms of principal-agent relationship. Consequently, external audit is made mandatory in publicly owned firms

According to Diab and Eissa (2024), the relationship between auditors and companies is reflected in the gatekeeper function. Since, auditors are economic agents, they can be attributed the classic agency conflicts of hidden characteristics. Thus, adverse selection or prolonged tenure may result to decrease in auditors' independence and objectivity which may impair the level of profitability. In addition to this, post-contractual information asymmetries may arise from large firms and prolonged audit tenure and this may pose a danger of moral hazard due to improper audits (shirking) and assessments.

There is the likelihood of a moral hazard if auditors and management collaborate; in such a situation, auditors might tolerate defective reporting system and give unqualified audit opinion in exchange for hidden transfer benefit. The relevance of the TTPA to the current study is that due to prolonged audit tenure and larger firm size, auditors' independence and objectivity may be impaired and which in turn may likely influence the level of profitability.

2.5 Empirical Studies

Similarly, Atlass (2022) investigated the relationship between audit tenure and financial performance of listed companies in Tadawul. The regression result revealed that audit tenure has statistical significant influence on the level of financial performance of the listed firms. Similarly, Martani et al. (2021) examined the effect of audit tenure, rotation on audit quality of listed companies in Spain. The regression result revealed no statistical relationship between audit tenure, rotation and audit quality.

Sook et al. (2019) examined how investors perceive mandatory audit firm rotation in Korea using secondary data. Results of the analysis of variance revealed among others investors perceive mandatory audit firm rotation differently. In Romanian, Andra (2019) explored the relationship between audit tenure, audit quality and corporate governance attributes of board independence, ownership and audit committee. The regression result indicated a negative relationship between audit tenure, audit quality and the corporate governance variables.

Ugwunta et al. (2018) assessed the nexus between audit tenure and corporate financial performance of listed Nigerian companies using audit quality as a measure of audit tenure and corporate financial performance by return on capital employed. Regression result indicated a negative significant relationship between audit tenure and corporate financial performance. In the same vein, Singer and Zhang (2018) studied the likely link between audit tenure and audit timeliness of listed companied in the United State of America. Regression result established that longer audit tenure has negative significant effects on audit timeliness.

Velt and Loy (2018) assessed how audit tenure and non-audit services influence earnings quality of companies in Germany. The regression results suggest that earnings quality is largely dependent on audit tenure and non-audit services. Gwizu, et al (2017) assessed the impacts of audit firm rotation on the quality of audit in Zimbabwe via questionnaire. The regression analysis revealed strong positive relationship between audit firm rotation and quality of audit while strong negative relationship of exists between length of audit tenure and quality of audit.

Supporting this view, Choi, Lim and Mali (2017) examined audit firm rotation and big4 audit effects on the quality of audit in South-Korea. Using accrual-based proxies for audit quality, the study found that quality of audit of mandatory rotation firms is lower compared to mandatory audit partner firms. Also, the regression result revealed that companies whose auditors were rotated from non-big4 to big4 were significantly associated with lower level of abnormal accruals. Okolie (2014) examined the effects of audit tenure and auditors' independence on accrual -based earnings management of publicly quoted Nigerian firms. The multivariate regression revealed that audit tenure and auditors' independence exert significant positive influence on the level of accrual-based earnings management

3. METHODOLOGY

This study employed the *ex-post facto* research design because the study used data that has existed such that the researcher has no means of controlling the events or variables. The study population comprised all, ICT, Healthcare, and Hospitality companies listed on the floor of the Nigerian Exchange Group as at 31st December, 2023

Given the population, three(3) ICT, three(3) hospitality and five(5) healthcare companies were selected as sample size, hence making a sample size of eleven (11) listed companies. The sample was obtained using exclusion and inclusion criteria; those companies with listing year from 2013-2023 were included while those whose listing year do not totally fall from 2013-2023 were excluded from the sample size of study.

The study used secondary data comprising measures of audit tenure, firm characteristics and profitability. These measures of the study include audit tenure (disaggregated into long and short audit periods), firm characteristics(age and size) and profitability (earnings per share). The data were obtained for 11 publicly listed hospitality, healthcare and ICT companies from 2013-2023. Given the nature of the variables and goal of the study which sought to determine the relationship between the dependent (profitability) and the independent variables (audit tenure and firm characteristics), the following econometric model were estimated:

$EPS = f(AUDT, FAG, FSIZ)$ - Eq. 1

$EPS_{it} = \beta_0 + \beta_1 AUDT_{it} + \beta_2 FAG_{it} + \beta_3 FSIZ_{it} + \mu_{it}$ - Eq. 2

Where: EPS represents earnings per share; AUDT is audit tenure; FAG is firm age; FSIZ is firm size; μ_{it} is error term; ί is individual healthcare, hospitality and ICT companies while t is the time-frame

Table 1: Variables Measurement

Variables	Description
EPS	Profit after tax minus preference dividend and minority interest divided by number of ordinary shares ranking for dividend
AUDT	Dummy variable indicated as 0 if company has engaged the audit firm for a period of 1-3 years and if period extends beyond 3 years, then 1
FSIZ	Natural logarithm of total assets
FAG	Number of listing years of a company

Source: Compiled by the Researcher (2024)

The analyses were done in the following order Descriptive (mean, standard deviation, minimum score, maximum score, kurtosis, skewness and Pearson correlation); Diagnostic (variance inflation factor, Breuch-Pagan/Cook-Wesiberg and Hausman specification tests) and Inferential (Fixed and Random Effects Regression) Statistical Techniques. The results obtained from the fixed and random effects panel regression were employed in testing the research hypotheses of the study. A-priori expectation is that the measures of audit tenure and firm characteristics will significantly influence profitability of the listed healthcare, hospitality and ICT companies in Nigeria.

4. RESULTS AND DISCUSSION

Table 2: Summary Statistics for the Dependent and Independent Variables

Variables	Mean	Std. Dev.	Min Score	Max. Score	Skewness	Kurtosis
EPS	0.1554	1.2802	-3.5100	7.4400	2.4428	16.217
AUDT	0.8181	0.3872	0	1	-1.6499	3.7222
FAG	22.181	13.925	4	45	0.3337	3.4442
FSIZ	6.8340	0.5436	5.4700	8.4200	-0.4255	3.4457
N	121	121	121	121	121	121

Source: Compiled by the Researcher via STATA 13.0

The summary statistics (Table 2) revealed that the mean (average) profitability measure (EPS) of the listed companies in Nigeria revolves around 0.1554 and 7.4400; the highest reported EPS was by Neimeth International Pharmacy in 2023. The mean values for audit tenure (AUDT) and firm characteristics (FAG & FSIZ) were 0.8181, 22.181 and 6.8340; the significant variation of FAG from the other variables of the study is expected because FAG was measured in number of listing years of the selected publicly listed companies. The minimum scores for AUDT, FAG and FSIZ were zero (0), 4 and 5.47 respectively; this is expected for AUDT since it is a dummy variable and also indicates a short audit period/tenure. The minimum score for FAG indicates that in the sample, there were companies with 4 listing years with a minimum asset score of approximately 5.5.

On the other hand, maximum scores for AUDT, FAG and FSIZ were 1, 45 and 8.42 respectively; an indication of a long audit period/tenure, samples of companies with at least 45 listing years with a maximum asset score of approximately 8.4. Also, EPS and FAG skewed towards same direction (positively skewed); suggesting that both variables moved in same direction while AUDT and FSIZ skewed towards same direction (negatively skewed); suggesting that both variables moved in same direction. In addition, the variables have normal distribution as indicated by kurtosis values, which are above three (3).

Table 3: Pearson Correlation

	EPS	AUDT	FAG	FSIZ
EPS	1.0000			
AUDT	0.0128	1.0000		
FAG	0.1483	0.4311	1.0000	
FSIZ	0.1500	0.0099	-0.3565	1.0000
N	121	121	121	121

Source: Compiled by the Researcher via STATA 13.0

Table 3 showed the Pearson correlation for the dependent variable (EPS) and independent variable (AUDT, FAG & FSIZ). The results revealed that the correlation between AUDT, FAG, FSIZ and EPS is positive; this implies that there is positive relationship between audit tenure, firm characteristics were positively related with profitability of the publicly listed companies as indicated in by Pearson r values.

Table 4: Variance Inflation Factor

Variables	VIF	1/VIF
FAG	1.46	0.6840
AUDT	1.28	0.7835
FSIZ	1.19	0.8400
Mean VIF	1.31	

Source: Compiled by the Researcher via STATA 13.0

Table 4 revealed that the mean VIF is 1.31, which is less than the accepted mean VIF of 10.0; this indicates an absence of multicollinearity in the empirical model of audit tenure, firm characteristics and profitability. This also implies that result of VIF offers evidence that the empirical models would be void of bias and can be relied upon.

Table 5: Results for Breusch-Pagan and Cook-Weisberg

Ho: Constant Variance			Variables: Fitted values of EPS		
Chi2(2)	=	4.96	Prob. > Chi2	=	0.0260

Source: Compiled by the Researcher via STATA 13.0

Table 5 revealed that the audit tenure, firm characteristics and profitability variables fit-well in the model since the probability Chi2 is 0.0260 which is not greater than 0.05 percent significance level; this suggests non-existence of heteroskedasticity in the model of study.

Table 6: Fixed and Random Effects Panel Regression for Audit Tenure (AUDT), Firm Characteristics (FAG & FSIZ) and Profitability (EPS)

Dependent Variable: Earnings Per Share (EPS ROA)

Estimator(s)	*Fixed Effect (FE)*		*Random Effect (RE)*	
Variable(s)	*Coefficient*	*Probability*	*Coefficient*	*Probability*
AUDT	0.5446	0.000	0.6722	0.000
	(4.72)		(5.33)	
FAG	0.0372	0.000	0.0265	0.007
	(3.72)		(2.68)	
FSIZ	0.7744	0.001	0.5976	0.009
	(3.39)		(2.62)	
_cons.	-5.5155	0.001	-4.2076	0.009
	(-3.39)		(-2.60)	
F-value	(3, 107)=5.77			
F-Probability	0.0011			
R-Squared (within)	0.1392		0.1385	
R-Squared (between)	0.0602		0.0565	
R-Squared (overall)	0.0790		0.0793	
Wald Ch2(6)			10.08	
Prob. Ch2			0.0179	
Hausman Test	Chi2(3) = 3.19		Prob>Chi2= 0.790	

Source: Compiled by the Researcher via STATA 13.0

Table 4.6 revealed the RE coefficients were 0.6722 (AUDT), 0.0265 (FAG), and 0.5976 (FSIZ), suggesting that the sampled healthcare, hospitality and ICT companies' audit tenure and firm characteristics variables will lead to approximately 67%, 2.7% and 59.8% changes in earnings per share (EPS). Besides, the audit tenure and firm characteristics and profitability measures were significant for both FE (F, 3, 107 = 5.77; F-Prob. = 0.0011 < 0.05), and RE (Wald Ch2(3) = 10.08; Prob.Ch2 = 0.0179 < 0.05) at 5 percent significance level.

Furthermore, the t-test results for AUDT (5.33), FAG (2.683) and FSIZ (2.62) indicated that the variables of audit tenure and firm characteristics are statistically significant in explaining the influence on the dependent variable (EPS). Nevertheless, overall R^2 is 0.0793 for RE, which is higher than overall R^2 for FE (0.0790); impliedly, the variables of audit tenure and firm characteristics jointly explained about 7.9% variation in EPS. In addition, Hausman test (Prob > Chi2 = 0.790 > 0.05) suggests that RE is more efficient than FE hence, RE showed that the subjects from which measurements were drawn are random and that the differences between companies are therefore not of interest, thus the subjects and their variances are identical.

Decision: The Wald Ch2 is 10.08 (p-value = 0.0179 < 0.05) and is significant, providing evidence to reject the null hypotheses and an acceptance of the alternative hypotheses that audit tenure and firm characteristics jointly have significant effect on profitability of ICT, healthcare and hospitality companies in Nigeria.

Test of Hypothesis I

Ho1: Audit tenure (disaggregated as long and short audit periods) has no significant effect on profitability level of publicly listed companies.

Decision: The random effect result with z-score of 5.33 and Probability of 0.000 indicates an acceptance of the alternative hypothesis and rejection of the null hypothesis that audit tenure has significant effect on profitability level of publicly listed companies.

Test of Hypothesis II

Ho2: Firm age has no significant effect on the level of profitability of publicly listed companies.

Decision: The random effect result with z-score of 2.68 and Probability of 0.007 indicates an acceptance of the alternative hypothesis and rejection of the null hypothesis that firm age has significant effect on profitability level of publicly listed companies.

Hypothesis III

Ho3: Firm size has no significant effect on the level profitability of publicly listed companies.

Decision: The random effect result with z-score of 2.62 and Probability of 0.009 indicates an acceptance of the alternative hypothesis and rejection of the null hypothesis that firm size has significant effect on profitability level of publicly listed companies.

Over the years, it appears that the accounting regulatory framework and bodies governing business operations in Nigeria have attempted to strengthen auditors' role, functions as well as periods/years auditors are expected to remain with client-firm. Regardless of the above, little is yet known as regards how audit tenure together with firm characteristics interacts with profitability of ICT, healthcare and hospitality companies in Nigeria. Notably, there is mixed findings in the accounting literature (Qawqzeh, et al, 2018; Martani, Rahmah, Fitriany & Anggraita, 2021; Atlass, 2022; and Matoke & Omwenga, 2023) in other countries on how audit tenure and firm characteristics interacts with profitability.

Given the above, this study investigated the effects of audit tenure and firm characteristics on profitability of listed ICT, healthcare and hospitality companies in Nigeria. Findings indicated audit tenure and firm characteristics (age and size) significantly influence the level of profitability of ICT, healthcare and hospitality companies in Nigeria. The findings of our study corroborate with the results of Martani, et al, (2021); Atlass, (2022); Matoke and Omwenga (2023) who found audit tenure and firm characteristics to significantly influence the level of profitability.

5. CONCLUSION AND RECOMMENDATIONS

This study investigated the extent to which audit tenure and firm characteristics influence the level of profitability of publicly listed ICT, healthcare and hospitality companies in Nigeria from 2013-2023. The study concludes that audit tenure and firm characteristics variables (age and size) significantly affect the profitability level of the listed healthcare, hospitality and ICT companies in Nigeria. On the other hand, descriptive results suggest that while short audit tenure appears to drive profitability the most, long audit tenure was found to be considerably low in predicting profitability level of listed healthcare, ICT and hospitality companies in Nigeria. The following recommendations are made on the basis of the findings of the study:

i) That listed companies should discourage prolonged audit tenure because it affects the level of profitability negatively

ii) There is the need for listed companies to increase the level of total assets by committing more funds to asset investments to enable them persistently increase and have unwavering profitability

iii) Management of companies should improve profitability level by considering and encouraging a short-tenured audit as the firm adds to its age.

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