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INFLUENCE OF AUDIT FIRM'S SIZE AND QUALITY OF AUDIT OPINION IN RIVERS STATE, NIGERIA.

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ABSTRACT

The study investigated audit firm's size and quality of audit report among audit firms in Rivers state. The research adopted correlational survey research design. The population for this study is sixty-three (63) audit firms (small and big) registered with corporate affairs commission in Rivers State. (Source: Research Data, 2019) and a sample size fifty-four (54). The study used questionnaire instrument, and data were analyzed in the Statistical Package for Social Sciences (SPSS) Version 22. The research hypotheses were tested using multiple regression analysis at a significance level of .05. The results of the findings were that there is a very strong positive linear relationship between big audit firm and scope of audit opinion in Rivers state. While there is no significant relationship between small audit firm and scope of audit opinion in Rivers state, on the other hand, there is a very strong positive linear relationship between big audit firm and reliability of audit opinion in Rivers state. And there is a significant relationship between small audit firm and reliability of audit opinion in Rivers state. This study recommends among others that big audit firms should maintain the scope of audit opinion quality in companies in Rivers state. Small audit firms should exercise integrity and professionalism in order to improve on the scope of audit quality of financial statements in Rivers state. Big audit firms should maintain the reliability of audit opinion quality in firms in Rivers state.

Keywords: Audit firm size, Big firm size, Small firm size, Scope of audit opinion, Reliability of audit opinion and Financial statements.

INTRODUCTION

The main objective of audit firms' is to ensure whether the financial statements are prepared based on proper accounting and auditing standards; hence a system of planned audit to obtain appropriate audit evidence that is sufficient to support the opinion expressed in the auditor's report is needed and cannot be compromised. Insufficient or inappropriate audit evidence may lead to wrong conclusions and this may affect the quality of the opinion expressed. Because of this purpose, audit firms' (auditors) must be independent in fact (qualitative and quantitative) and independent in appearance. Otherwise, the audited report will be bias and even mislead the financial statements' users (Yahn-Shir, et al., 2013).

Audit firms have different sizes which have different number of auditors as well as the services provided by audit firms to their clients which one audit firm may be different from the other. Some audit firms have grown into large international audit firms, frequently called as the big-four audit firms. These audit firms are linked world-wide. On the other hand, local audit firms, ranging from one to several partners still exist. Because of the different natures of local/small and large audit firms, the size of audit firms is perceived to be a factor that could affect the quality of audit opinion (Shockley, 1981). This perception has led to several empirical researches.

Yuniarti (2011), audit firm size is considered to be one of the issues that could affect quality of audit opinion. This is because the larger audit firms are considered to be more independent for at least two reasons. First, because of the audit firms' size, the audit fee generated from a particular client constitutes a smaller percentage of the audit firm's total revenue. Second, larger audit firms normally have many divisions to provide the services needed by clients, and therefore the person who audits the client would be different from the person who provided non audit services. On the contrary, the situation at a small audit firm differs as an auditor handles more varied duties and also the audit fee generated from a particular client constitutes a larger percentage of audit firm total revenue.

The size of audit firm has been used as a surrogate for audit quality, that is, large audit firms have more reputation to safeguard and therefore will ensure an independent quality audit service. Larger audit firms have better financial resources and research facilities, superior technology and more talented employees to undertake large company audits than do smaller audit firms. Their larger client portfolios enable them to resist management pressure, whereas smaller firms provide more personalized services due to limited client port folios and are expected to succumb to management requirements (Lys & Watts 1994). Therefore, the size of audit firm is an important characteristic that reflects auditor quality of audit opinion. Thus, the issue of maintaining auditor independence and quality of audit opinion is more crucial for smaller firms than larger firms. DeAngelo (1981) and in Ine-Tonbarapa, (2015), argues that large audit firms are more independent and hence of higher quality both because of advanced techniques and more wealth at risk upon audit failure. On the other hand, those investors are more likely to sue a large audit firm than a small audit firm upon untruthful disclosure for their 'deep pocket'. Both theories forecast a positive association between audit size and quality.

Audit quality is not easy to define because of many diverse factors affecting quality. According to the consultation paper of the international auditing and assurance standards board (IAASB), audit quality is the significant issue that requires more considerable attention. Audit quality may be affected by several factors which can be simply divided into the auditor specifications and auditing process attributes. Hence, such factors can directly affect the "audit opinion" which is issued to state the reasonable assurance on financial statement reliability thereby enhancing the confidence of the market. Despite the unclear definition, importance of the audit quality and its influence on market confidence has been highlighted by regulators, investors and corporate governance. As stated in "agency theory", auditor's opinion certifies the assurance for third parties, who are using the financial statement (Lindberg, 2001). Audit quality has been defined as auditor's ability on discovering the material misstatement and reports them (DeAngelo, 1981). So, it has the necessary competence and professional behavior along the auditing process, as well as auditor's independence and objectivity to assure that the outcome (audit report) reflects the adequate opinion.

Despite the wide range of the adopted measures, "size" can be considered as the most effective indicator of audit quality determination (Lennox, 1999). Consequently, higher audit quality can be easier achieved by the larger audit firm (Francis, 2004), because of their ability to discover and detect the misstatements (DeAngelo, 1981). But, reaching high audit quality in small size audit firms is also attainable, since because they conform to audit standards (Bauwhede and Willekens, 2004; Larn and Chang, 1994). However, because of the existence of the auditor-related specifications such as professional competence, technical ability, auditor's liability as well as auditor independence, it is more expected to reach higher audit quality in large audit firms (Hussein and Hanefah, 2013). More technical abilities and industry knowledge can be raised from the audit expertise. So, demanding for audit expertise leads to higher audit quality (Craswell, Francis, and Talylor, 1995), and thereby, enhances auditor's reputation. In addition, audit tenure may affect audit quality positively or negatively. Negative effects may result from a close connection between the auditor and the client which can lead to fraud by ignoring the material misstatements included in financial statements (Firth, et al., 2012), while the positive effects can be achieved through the utilization of the client's financial statement knowledge (Dye, 1991). On the other hand, both audit fee and non-audit services may affect audit quality, since higher audit quality requires additional procedures resulting in higher audit fees (DeFond, et al., 2002).

Statement of Problem

Several studies {(Toto Rusmanto (2016); Ilaboya and Ohiokha (2017); Stefan, and Tobias (2011); Yahn-Shir, Joseph, Mei-Ting and Ping-Sen (2013); Yuniarti (2011); and Seyed, Helena, and Rui

(2014)}; have shown that audit quality is correlated or asymmetry with size of the audit institutions. In view of these studies, audit quality and audit size has become the focus of much debate. However, evidence suggests that large audit institutions do not always offer audit quality better than small audit institutions. Many companies suffered corporate collapse due to poor audit quality. The poor audit quality was due to lack of appropriate and sufficient audit evidence and not the size of the firm. Enron's auditors, Arthur Andersen failed to gather sufficient audit evidence about the use of the 'special purpose entities' (SPEs) and their accounting treatment (Mallin, 2010). Could the poor audit quality work of Arthur Andersen have been due to lack of auditor independence, experience and accountability?

The spate of audit failure in the world (Enron, in the US, Northern Rock in the United Kingdom, Metagelshaft in Germany, Parmalat in Italy) especially in Nigeria (Lever Brothers and Cadbury in Nigeria, etc), has brought great disappointment to the users of financial reports. The bane of the problem has been linked to whether the size of audit firm really matters in audit reporting of quality of audit opinion which has also been linked with creative accounting. In Nigeria the challenge of firm size and audit quality of audit opinion has not attracted much empirical studies beyond mere anecdotal opinions (Ilaboya & Ohiokha, 2017). Furthermore, the few studies available did not consider dimensions like big size and small size on measures as of audit report: scope, and reliability which this study utilized. This study by investigating these dimensions and measures will fill the existing research gap. Thus, this study will investigate audit firm's size and quality of audit opinion in Rivers state, Nigeria.

Aim of Study

The objective of this study is to investigate audit firm's size and quality of audit opinion in Rivers state, Nigeria. Specifically, other objectives of the study are:

1. To investigate the efficacy of big audit firms on the scope of audit opinion in Rivers State.
2. To investigate the efficacy of small audit firms on the scope of audit opinion in Rivers State.
3. To investigate the efficacy of big audit firms on the reliability of audit opinion in Rivers State.
4. To investigate the efficacy of small audit firms on the reliability of audit opinion in Rivers State.

Hypotheses

$H0_1$: There is no significant relationship between big audit firm and the scope of audit opinion in Rivers State.

$H0_2$: There is no significant relationship between small audit firm and the scope of audit opinion in Rivers State.

$H0_3$: There is no significant relationship between big audit firm and the reliability of audit opinion in Rivers State.

$H0_4$: There is no significant relationship between small audit firm and the reliability of audit opinion in Rivers State.

Review of Related Literature

Conceptual framework

Audit Firm Size

An audit firm is an independent examination or investigation company that reviews financial activities organizations to identify inefficiencies, efficiencies, reduce costs, and make professional recommendations, in order to achieve organizational objectives. Auditing firms may investigate potential theft or fraud and ensures compliance with applicable regulations and policies. They also help to ensure the accuracy of reports (Favere, 2012). Audit size has been identified as a major links between qualities of audit opinion. Despite the wide range of the adopted measures, "size" can be considered as the most effective indicator of audit quality determination. Consequently, higher audit quality can be easier achieved by the larger audit firm (Francis, 2004), because of their ability to discover and detect the misstatements. But, reaching high audit quality in small size audit firms is also attainable, since because they conform to audit standards (Chen-Chin et al., 2014). Some factors such as professional competence, auditor's qualification and supporting technical information undoubtedly can be found in large audit firm's system. Such factors can be taken into consideration when assessing the influence of audit firm's size on audit quality to facilitate the detection of the possible errors (Hussein & Hanefah, 2013). Because of the higher degree of specialization of large audit firm's employees, the technological knowledge of audit groups in large firms would be higher than in small auditors. In other words, continuing professional education is more considerable in large audit firms than in small ones. Larger audit firms support higher quality audits (Francis, 2004). Also, the utilization of high-quality auditors reveals that large entities (client) prefer to choose a high level of audit quality with higher technical knowledge. So, when the firm becomes larger, a higher audit quality will be demanded with the purpose of enhancing the monitoring and bonding activities. Also, adopting such strategies will be beneficial to the client, despite some inevitable operating costs (Davis & Trompeter, 2003).

On the other hand, some other surveys have mentioned that there is no difference between large audit firms and small's one in terms of their impact on audit quality, both of them have the potential to reach an acceptable level audit quality. However, it seems that larger audit firms are more qualified and committed to reach a higher audit quality. It can be attributed to their high technical information and professional competencies as well as their attempt to continue higher education of employees and to maintain firm's reputation on issuing an appropriate audit report. Such activities are necessary in order to keep their clients. **S**mall firms and regulators have argued that the quality of audit should not only be judged on the basis of the size of large public accounting firms as dictated in the disclosure of audit standard on independence of audit quality from auditor firm size (Ilaboya & Ohiokha, 2014). DeAngelo (1981), rejected this allegation of small firms and revealed that big audit firms have more independence and higher quality in their audit work. Furthermore, Francis and Yu (2009) noted that large audit firms have more intention to detect material problems in financial statements. Big audit firms will have the potential to lose their clients if they become notorious, have lower audit quality and show a lack of independence in their judgment. Hence, these issues lead to high motivation for improving audit quality.

Categories/Classification of Audit Firm Size

In accordance with audit firm size, audit firms are categorized into three (a) local audit firms, (b) international audit firms, and (c) the big four. They are classified base on essential qualities possessed by the firm, such as audit fee, audit expertise, audit tenure, non-audit service, auditor reputation and operations and auditor independence (Ine-Tonbarapa, 2016).

Ahn and Lee (2004), Firth et al. (2012) and Ghosh and Lustgarten, (2006), in their separate studies identified or acknowledged the first two class of audit firm size (local audit firms and international audit firms) as small audit firms and the third as the **big four** {Ernst and Young (EY), Deloitte, KPMG and PricewaterhouseCoopers (PwC)}.

A. Big Audit Firms: are the biggest professional services networks in the world, offering audit, assurance services, taxation, management consulting, advisory, actuarial, corporate finance and legal services. They handle the vast majority of audits for public companies as well as many private companies. The big audit firms have more reputation to safeguard and therefore will ensure an independent quality audit service. Larger audit firms have better financial resources and research facilities, superior technology and more talented employees to undertake large company audits than do smaller audit firms. Their larger client portfolios enable them to resist management pressure (Ine-Tonbarapa, 2016).

In the UK in 2011, it was reported that the Big Four audit 99% of the companies in the FTSE 100, and 96% of the companies in the FTSE 250 Index, an index of the leading mid-cap listing companies. Such industry concentration has caused concern and calls for the Competition and Markets Authority to consider breaking up the Big Four. In October 2018, the CMA announced it had launched a detailed study of the Big Four's dominance of the audit sector.

B. Small audit firm: these are the smaller professional services offering audit, assurance services, taxation, management consulting, advisory, actuarial, corporate finance and legal services. They handle the little majority of audits for public companies as well as many private companies. Smaller firms provide more personalized services due to limited client port folios and are expected to succumb to management requirements (Lys and Watts 1994). Small audit firms operate mostly locally and some internationally. Small audit firms have quality profession service relations and competent human, material and financial resources and research facilities, quality technology and knowledgeable employees to undertake company audits even more than the big audit firms (Ine-Tonbarapa, 2016).

Quality Audit Opinion

Audit quality opinion according to DeAngelo (1981), "is market-assessed joint probability that a given auditor opinion will both (a) discover a breach in the client accounting system and (b) report the breach." Jackson, Moldrich and Roebuck (2008), view the quality of audits from actual and perceived quality. Actual quality shows levels of risk of material errors in financial statements that can be reduced by the auditor. Perceived quality indicates the level of confidence of users in financial statement and the auditor's effectiveness in reducing material misstatement in financial statements prepared by management. Titman and Trueman (1986), see audit quality as the accuracy of the information reported by auditors. DeAngelo definition captures attribute critically to the role played by auditors in financial statement preparation.

Thus, audit quality opinion combines the ability of an auditor to detect a breach (auditor competence) and a willingness to report such a breach (auditor independence). Financial Reporting Council (2006b) considers five factors that influence audit quality opinion to includes: audit firm culture, skills and personal qualities of audit partners and staff, the effectiveness of the audit process, and the reliability and usefulness of audit reporting, amongst factor that are exogenous to the auditors. Earlier studies used observable outcomes as proxies for audit quality this includes; audit opinions, auditors' selection and change, decisions, financial statements outcomes and analysts forecast. Francis (2004) reviewed 25 years of empirical researches and found that difference exists in the audit quality which can be concluded by examining different auditors. Moizer (1998) examines the issue of audit quality from a behavourial perspective, typically identifying attributes that are perceived by financial statement preparers, auditors and users that are related to audit quality. He found out that the big audit firms provide quality service.

Measures of Quality Audit Opinion

Riyatno (2007), define audit quality opinion as something that is abstract, difficult to measure and can only be perceived by the users of audit services, so that until now there is no uniform definition of audit quality. While DeAngelo in Ebrahim (2001) defines audit quality opinion are: "The probability combined to detect and report material errors in financial statements". In guidelines on audit quality, quality is: characteristics of audit quality include among:

Reliability of audit opinion: The reliability of evidence depends on the nature and source of the evidence and the circumstances under which it is obtained, evidence obtained from a knowledgeable source that is independent of the company. Are the audit findings and conclusions an accurate reflection of actual conditions with respect to the matter being examined? Are all assertions in the audit report or other product fully supported by the data gathered in the audit?

This typically involves being sure that the scope, findings and any recommendations can be readily relied upon and understood by busy executives and parliamentarians who may not be experts in the matters that are addressed but may need to act in response to the report.

Scope of audit opinion: Audit scope, defined as the amount of time and documents which are involved in an audit, is an important factor in all auditing. The audit scope, ultimately, establishes how deeply an audit is performed. It can range from simple to complete, including all company documents. Did the audit task plan properly address all elements needed for a successful audit? Did execution of the audit satisfactorily complete all the needed elements of the task plan?

Audit Firm Size and Audit Quality

Research has shown that the auditing firm structure also has an effect on audit quality. Based on the researches, the quality of audit of institutions having stronger structure differs in the audit procedures, with other institutions. Audit institutions integration and homogenization methods used in different institutions, made the hypothesis less important. Most researchers have proposed the theory that, in general, there is a direct relationship between audit quality and audit fees and if the clients are imposed additional fees by larger institutions means that they have more desirable quality of audit services. Research, however, has also raised the hypothesis that larger institutions due to more experience and a better structure, can transfer part of its cost savings to the customer and demand lower fees from their client (DeAngelo, 1981).

Relationship between Big Audit Firms and Scope of Audit Opinion

Audit scope means the depth of an audit performed. It is the amount of time and documents which are involved in audit. The audit scope, ultimately, establishes how deeply an audit is performed. The purpose of audit is to plan and perform the audit to obtain appropriate audit evidence that is sufficient to support the opinion expressed in the auditor's report. Insufficient or inappropriate audit evidence would lead to wrong conclusions or opinion being drawn on the financial statements. The size of audit firm has been used as a surrogate for audit quality, that is, large audit firms have more reputation to safeguard and therefore will ensure an independent quality audit service. Larger audit firms have better financial resources and research facilities, superior technology and more talented employees to undertake large company audits than do smaller audit firms. Their larger client portfolios enable them to resist management pressure, whereas smaller firms provide more personalized services due to limited client port folios and are expected to succumb to management requirements (Lys and Watts 1994). Therefore, the size of audit firm is an important characteristic that reflects auditor quality of audit opinion.

Relationship between Big Audit Firms and Reliability of Audit Opinion

Teoh and Wong (1993), measured market perception of audit quality with earnings response coefficients and found that investors show more dramatic responses to reports audited by the Big 8 audit firms. DeAngelo (1981), suggested that users of financial statements differentiate the reliable and credibility of information content in the statements. However, Krishnan (2005), found evidence to the contrary and documented that audit quality differed between and within audit firms. According to conventional auditing theory, Big N audit firms provide superior audit quality resulting from an incentive to protect their reputation as well as the benefits of resource sharing through economy of scale. Yet the issue of audit quality of the big firms has received increased attention due to highly publicized audit failures culminating in corporate scandals, corporate fraud, and corporate failure.

Relationship between Small Audit Firms and Reliability of Audit Opinion

Evidence suggests that large audit firms do not always offer audit quality better than small audit institutions Many companies suffered corporate collapse due to poor audit quality of big firms. The poor audit quality was due to lack of appropriate and sufficient audit evidence and not the size of the firm. Enron's auditors, Arthur Andersen failed to gather sufficient audit evidence about the use of the 'special purpose entities' (SPEs) and their accounting treatment (Mallin, 2010).

Theoretical Framework

This work was based on **Stephen R and Barry M** Agency theory (2009), and Becker GHuman Capital Theory (2014).

Agency theory by Stephen Ross and Barry Mitnick (2009)

A simple agency model suggests that, as a result of information asymmetries and self-interest, principals lack reasons to trust their agents and will seek to resolve these concerns by putting in place mechanisms to align the interests of agents with principals. Stephen Ross and Barry Mitnick, an agency relationship arises when one or more principals (e.g. an owner) engage another person as their agent (or steward) to perform a service on their behalf. Performance of this service results in the delegation of some decision-making authority to the agent. This delegation of responsibility by the principal and the resulting division of labour are helpful in promoting an efficient and productive economy. However, such delegation also means that the principal needs to place trust in an agent to act in the principal's best interests. What happens when concerns arise over the motives of agents and cause principals to question the trust they place in them?

Stephen Ross and Barry Mitnick, auditors as agents if as simple agency theory implies, principals do not trust agents to provide them with reliable and relevant information, then they will hire in external experts, who are independent of these agents. This, however, introduces the concept of auditors as agents of principals, which leads to new concerns about trust, threats to objectivity and independence.

Empirical Review

Studies carried out in relation to this research study include audit firm size, audit fee and audit quality Firm in Bandung, West Java, Indonesia. Yuniarti, (2012), examined the determinant factors of audit quality by proposing the hypothesis that the audit firm size (size public accounting firm) and audit fees (audit fees) have an effect on the audit quality. In this study, the unit of analysis is the external auditor who has worked in (Certified Public Accountant) CPA firm, the author takes the CPA Firm in Bandung, West Java, Indonesia. This type of research is descriptive verification research, because it describes the variables and observes the correlation of these variables from the hypothesis that has been made systematically through statistical testing. The statistical test use path analysis and the examination of the hypothesis in this research using two ways: simultaneous test and individual test (partial), using t_test and f_test. Empirical test results that the CPA firm size does not significantly affect to audit quality in public accounting firm in Bandung, whereas the number of audits significantly affect to quality of audit and simultaneously CPA firm size and audit fees do not significantly affect to quality of audit in public accounting firm in Bandung.

Chen-Chin et al. (2014), conducted a research study to investigate how audit firm size can contribute to audit quality? Evidence from two emerging markets. This study investigated whether the Big N audit firms in emerging markets can provide audits of high quality and mitigate information risk, by comparing the audit quality of Big N audit firms in Taiwan with those in China. The two countries share a similar cultural background and engage in frequent economic exchange; however, they have different legal systems and institutional environments. This study followed previous research in the use of bid-ask spread and discretionary accruals as proxy variables for information asymmetry and audit quality. Our results indicate that politico-economic differences between Taiwan and China influence the effectiveness of independent auditors when it comes to the mitigation of information asymmetry. Big N audit firms in Taiwan helped to mitigate information asymmetry and provided audit services of higher quality, whereas Big N firms in China were better able to constrain earnings management. Our results indicate that market concentration and market share have a stronger influence on reputation incentive and audit quality than does the size of an audit firm.

Taylor and Francis (2015), carried out a study on Audit Office Size, Audit Quality and Audit Pricing: Evidence from Small and Medium Sized Enterprises Using Swedish data we investigate how audit quality and audit pricing vary with audit firm and office size. In contrast to prior studies, we use disciplinary sanctions issued against auditors not meeting the quality requirement as the measure of audit quality. We find no significant differences in the likelihood of sanctions between Big 4 audit firms and the fifth and sixth largest audit firms in Sweden (Grant Thornton and BDO). We refer to these collectively as 'Top 6'. However, we find that the probabilities of warnings or exclusions from the profession are much higher for non-Top 6 auditors in Sweden than for Top 6 auditors. Furthermore, we find a strong negative association between the likelihood of sanctions and audit office size for non-Top 6 auditors. This association is insignificant for Top 6 audit firms. Audit fees follow a similar pattern and indicate that larger audit firms and offices put in more effort or have greater expertise. These results suggest that audit quality is differentiated in the private segment market. However, contrary to prior studies, our results suggest that the important dimensions are Top 6 versus non-Top 6 and the office size of non-Top 6 audit firms.

METHODOLOGY

The study adopted correlational survey research design. The population is sixty-three (63) audit firms (small and big) registered with corporate affairs commission in Rivers State. (Source: Research Data, 2019). The sample size of this study is fifty-four (54). This number is derived by the application or use of Taro Yamane formula for sample size determination. The instrument for this study were questionnaires designed after an extensive literature review. The formulated hypotheses were tested using the Multiple Regression analysis with model summary explaining the relationship and determinant percentage of the relationship with the R and R-square respectively and the significance of the variability were tested using the hypotheses acceptation and rejection at 0.05 levels of significant using Coefficients table with the aid of the SPSS platform.

Model Specification

Thus the formula for multiple regression: ψ = ao + bx_1 + bx_2 + e……..1

To test the hypotheses of the study, this study has two main variables, dependent and independent and a moderating variable. Audit Firm's Size (AFZ) is the independent variables of the study as well as the operational dimension in term of the following: Big Firm Size (BIGFZ) and Small Firm Size (SMFZ). Whereas Quality of Audit Opinion (QUSO) its measures are Scope of Audit Opinion (SCAO) and Reliability of Audit Opinion (REAO). The following models were used to analyses the multiple relationship between the variables.

The First Model: the first hypothesis test model; the relationship between big firm size and small firm size on scope of audit opinion:

$SCAO_{it} = \beta 0 + b_1(BIGFZ)_{it}, + b_2(SMFZ)_{it} + e\ (.05)$

The Second Model: the second hypothesis test model; shows the relationship between big firm size and small firm size on reliability of audit opinion:

$REAO_{it} = \beta 0 + b_2(BIGFZ)_{it} + b_2(SMFZ)_{it} + e\ (.05)$

Data presentation and analysis

The First Model: the first hypothesis test model; the relationship between big firm size and small firm size on scope of audit opinion: $SCAO_{it} = \beta 0 + b_1(BIGFZ)_{it}, + b_2(SMFZ)_{it} + e\ (.05)$

Table 1.2Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.765[a]	.585	.509	8.126898	2.038

a. Predictors: (Constant), *BIGFZ*, *SMFZ*

b. Dependent Variable: *SCAO*

Source: SPSS Output Data 2019.

The above model summary table produced a correlation coefficient; 'R' of 0.765[a] show there is a strong significant relationship between big firm size and small firm size on scope of audit opinion. And our R^2 stood 0.585 which implies that about 59% variations in the dependent variable (scope of audit opinion) is attributed to changes in the independent variables (big firm size and small firm size). The standard error is 8.126898, thus, measure of variation of the observation made from the (actual values of Y') around the computed value of Y' on the regression line, is close to 1 and far from 0. The Durbin-Watson d = 2.038, which is between the two critical values of 1.5 < d < 2.5 and therefore we can assume that there is no first order linear auto-correlation in the data. Hence the model is of absolute good fit.

Table 1.2 Coefficients

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	51.078	20.409		2.503	.029
	BIGFZ	1.661	.712	.699	2.333	.040
	SMFZ	.244	.868	.484	.281	.784

a. Dependent Variable: *SCAO*

Source: SPSS Output Data 2019.

The above coefficient table shows a model constant *(a)* value of 51.078 and *BIGFZ*(bx_1) value of 1.661, indicating that, for every one-unit increase of *BIGFZ* value, the dependent variable (*SCAO*) value will rise by 1.66%. Similarly, *SMFZ*(bx_2) value of 0.244, indicating that, for every one-unit increase of *SMFZ* value, the dependent variable (*SCAO*) value will rise by 0.24%. On the other hand, Beta (β) values of 0.699 and 0.484*BIFZ* (bx_1) and *SMFZ*(bx_2) respectively. T-value for *BIGFZ*(bx_1) produced 2.333, is significant at P value (0.040), which is less than the chosen alpha of α (0.05). Hence, hypothesis one is rejected meaning there is a strong positive linear relationship between big audit firm and scope of audit opinion in Rivers state. On other hand, T-value for *SMFZ*(bx_2) produced 0.281, is not significant at P value (0.784), which is greater than the chosen alpha of α (0.05). Hence, hypothesis two is accepted meaning there is a no significant relationship between small audit firm and scope of audit opinion in Rivers state.

The Second Model: the second hypothesis test model; shows the relationship between big firm size and small firm size on reliability of audit opinion: $REAO_{it} = \beta 0 + b_2(BIGFZ)_{it} + b_2(SMFZ)_{it} + e$ (.05)

Table 1.3 Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.796[a]	.634	.567	3.291468	1.913

a. Predictors: (Constant), *BIGFZ*, *SMFZ*
b. Dependent Variable: *REAO*

Source: SPSS Output Data 2019.

The above model summary table produced a correlation coefficient; 'R' of 0.796[a] show there is a strong significant relationship between big firm size and small firm size on reliability of audit opinion. And our R^2 stood 0.634 which implies that about 63% variations in the dependent variable (reliability of audit opinion) is attributed to changes in the independent variables (big firm size and small firm size). The standard error is 3.291468, thus, measure of variation of the observation made from the (actual values of Y') around the computed value of Y' on the regression line, is close to 0 and far from 1. The Durbin-Watson d = 1.913, which is between the two critical values of 1.5 < d < 2.5 and therefore we can assume that there is no first order linear auto-correlation in the data. Hence the model is of absolute good fit.

Table 1.4Coefficients[a]

Model		Unstandardized Coefficients B	Unstandardized Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	1.788	7.360		.243	.813
	BIGFZ	.076	.257	.893	.296	.000
	SMFZ	.956	.313	.858	3.051	.011

a. Dependent Variable: *REAO*

Source*: *SPSS Output Data 2019.

The above coefficient table shows a model constant *(a)* value of 1.788 and *BIGFZ* (bx_1) value of 0.788, indicating that, for every one-unit increase of *BIGFZ* value, the dependent variable (*REAO*) value will rise by 8%. Similarly, *SMFZ* (bx_2) value of 0.956, indicating that, for every one-unit increase of *SMFZ* value, the dependent variable (*REAO*) value will rise by 0.96%. On the other hand, Beta (β) values of 0.893and 0.858 *BIGFZ* (bx_1) and *SMFZ*(bx_2) respectively. T-value for *BIGFZ*(bx_1) produced 0.296, is significant at P value (0.000), which is less than the chosen alpha of α (0.05). Hence, hypothesis three is rejected meaning, there is strong positive significant linear relationship between big audit firm and reliability of audit opinion in Rivers state. Also, the T-value for *SMFZ*(bx_2) produced 3.051, is significant at P value (0.011), which is less than the chosen alpha of α (0.05). Hence hypothesis four is rejected meaning, there is a significant relationship between small audit firm and reliability of audit opinion in Rivers state.

CONCLUSION

From the analyses findings of this research, we therefore conclude that there is a very strong positive linear relationship between big audit firm and scope of audit opinion in Rivers State. While there is a no significant relationship between small audit firm and scope of audit opinion in Rivers State. On the other hand, there is a very strong positive linear relationship between big audit firm and reliability of audit opinion in Rivers State. And there is a significant relationship between small audit firm and reliability of audit opinion in Rivers State.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations are therefore made to enhance audit firm's size and quality of audit opinion in Rivers State.

1. Big audit firms should maintain the scope of audit opinion quality in companies in Rivers State.
2. Small audit firms should exercise integrity and professionalism in order to improve on the scope of audit quality of financial statements in Rivers State.
3. Big audit firms should maintain the reliability of audit opinion quality in firms in Rivers State.
4. Small audit firms should maintain the reliability of audit opinion quality in firms in Rivers State.

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