

Examining the influence of audit quality attributes on financial performance in commercial banks

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This study examined the influence of five audit quality attributes on the financial performance of commercial banks. Data was collected from a sample of 98 audit reports from 19 randomly selected commercial banks which had head offices in Dar es salaam. The t-test for independent samples was used to examine the influence of auditor type, auditor's banking audit knowledge, audit opinion, audit delay, and audit committee size on selected financial performance indicators.

The study found that not all the audit quality attributes had equally significant influence on the all the financial performance indicators. While the banking audit knowledge and audit opinion had relatively significant influence in financial performance, audit delay and the size of the audit committee had no significant influence. The influence may significantly differ across banks in terms of the direction (negative or positive) and strength. Therefore, the dimensionality of both audit quality and financial performance necessitates considering other contextual factors relating to the macro-economic, political, regulatory, institutional, and policies environments that guide operations of commercial banks.

This study has important policy implications, especially the need to reinforce compulsory use of standardized financial and non-financial performance measures for all the banks in Tanzania. Among other things, the study recommends for placing emphasis on auditor specialization, respecting financial standards to attain positive financial results, and further research that desegregate the effect of individual attributes on specific performance indicators while considering other important differences in terms of performance targets, comparative advantage, and the quality of human capital across the banks.