

## The Moderating Role of Regulatory Enforcement on the Relationship between Audit Firm Size, Engagement Team Competence, and Audit Quality of the Auditing Firms Operating in Tanzania

Freddy Chaula<sup>1</sup>, Henry Chalu<sup>2</sup> and Paul Ambege<sup>3</sup>

### Abstract

*Amid mixed global findings on the determinants of audit quality, the role of regulatory enforcement remains underexplored. This study examines the moderating role of regulatory enforcement on the relationship between audit firm size, engagement team competence, and audit quality in Tanzanian auditing firms. It uses a cross-sectional survey of 147 partners from Tanzanian auditing firms and PLS-SEM to test hypotheses. The findings indicate that regulatory enforcement positively moderated the effect of engagement-team competence on audit quality ( $\beta = 0.116$ ;  $p < 0.05$ ) but negatively moderated the effect of audit firm size on audit quality ( $\beta = -0.143$ ;  $p < 0.05$ ). These results suggest that regulatory enforcement strengthens the impact of engagement-team competence on audit quality, but it weakens the positive relationship between audit firm size and audit quality. For regulators and policymakers, the findings emphasize the need to enforce regulations that enhance auditor competence to improve audit quality and reduce reliance on large firms by narrowing the quality gap across firm sizes. For audit firms, investing in engagement-team competence is vital as regulatory enforcement boosts its impact on audit quality. Since the study is cross-sectional and Tanzania-specific, causal interpretations are limited and findings may not apply elsewhere without further validation.*

**Keywords:** Audit quality, Engagement team competence, Audit firm size, Regulatory enforcement, Institutional Theory.

### Introduction

Audit quality has remained a global concern due to recurring accounting scandals and corporate failures involving major companies worldwide (Ciger, 2020; Monametsi & Agasha, 2020). These incidents raise doubts about audit effectiveness, given that several scandals and corporate failures occurred despite unqualified audit opinions from Big Four firms (Monametsi & Agasha, 2020; Open Secrets, 2020). Major accounting scandals have revealed serious audit failures, leading to repeated crises and lawsuits against major firms since the 1970s (Gow & Kells, 2018). Notable cases include PwC's poor audits of BHS in the UK (2016), KPMG's fines related to Abraaj Capital in Dubai (2018), and EY's penalties for Kaloti audits in the United Arab Emirates (2020) (BBC, 2020; Open Secrets, 2020). In South Africa, KPMG was banned from government audits in 2018 following repeated scandals (Holtzblatt et al., 2020). These events eroded public trust in auditors and raised concerns about audit quality (Ciger, 2020; Leaver et al., 2020). In response to major audit failures, countries such as the US, South Africa, and Tanzania strengthened audit oversight

---

<sup>1</sup> Institute of Finance Management, Tanzania  
Email: [fred6dav12@gmail.com](mailto:fred6dav12@gmail.com)

<sup>2</sup> Institute of Finance Management, Tanzania

<sup>3</sup> University of Dar es Salaam Business School, Tanzania

through regulatory bodies like the Public Company Accounting Oversight Board (PCAOB), Independent Regulatory Board of Auditors (IRBA), and National Board of Accountants and Auditors (NBAA), respectively (Ciger, 2020; Holtzblatt et al., 2020; IFAC, 2022). Although the reforms take place, unethical practices continue to undermine public trust in the profession (Leaver et al., 2020). In East Africa, where the Big Four firms audit most of the listed companies, major accounting scandals continue to emerge (Monametsi & Agasha, 2020).

In Tanzania, scandals involving the Dar es Salaam Stock Exchange (DSE) listed companies have raised concerns about audit integrity, investor protection, and regulatory effectiveness (World Economic Forum, 2012). Although the regulators have taken initiatives to instil integrity in the financial reporting, the 2018 report released by the Financial Sector Assessment Program (FSAP) reveals 82 percent of the banks in Tanzania had been manipulating their earnings (as cited in Nnko, 2022) which adversely affects tax collection, casting doubt on the effectiveness of audits. Insider trading scandals, like that of Uchumi Supermarket Limited cross-listed on the DSE, have undermined investor confidence and constrained capital market growth (Mrema & Kiunsi, 2024) thus limiting domestic revenue mobilization. As a result, in 2023, Tanzania still had one of the lowest tax-to-GDP ratio at 11.8% that is common among low-income countries despite it being a low-middle-income economy (World Bank, 2023). Such incidences highlight the presence of lax regulatory supervision and poor quality of audits, which highlight the importance of quality audit to ensure transparency, and facilitate financial integrity and revenue collection. The presence of these audit scandals prompted the researcher to examine Audit Quality (AQ), and the study revealed that Audit Firm Size (AFS), Engagement Team Competence (ETC), and Regulatory Enforcement (RE) are the key determinants of audit effectiveness (Akuoko-Sarpong et al., 2024). Consistent with DeAngelo's (1981) definition of AQ, AFS supports auditor independence through financial stability. ETC enhances error detection through expertise, and RE promotes compliance and deters misconduct thus strengthening audit effectiveness (Akuoko-Sarpong et al., 2024).

This research concentrates on ETC, AFS, and RE because they encompass both internal firm capabilities and external surveillance that render them strategic determinants of AQ as identified in the literature (Akuoko-Sarpong et al., 2024; DeAngelo, 1981). Other possible variables were omitted to have a clear and focused analysis as recommended on parsimonious and theory driven model specification (Hair et al., 2017). However, recent scandals highlight performance gaps linked to AFS, ETC, and weak RE. Previous studies have examined the effects of AFS and ETC on AQ, often separately, with mixed and inconclusive results, reflecting a lack of consensus in the literature (Pratiwi et al., 2020; Salehi et al., 2019). In the case of AFS, while some studies have indicated a positive association with AQ (Alareeni, 2019; Liu, 2024), others have reported a negative or insignificant association (Mawutor et al., 2019; Pham et al., 2017). In the case of ETC, whereas some studies have found a positive relationship with AQ (Alsaeedi & Kamyabi, 2023; Hussein et al., 2020), others have reported an insignificant relationship (Wahyuningsih, 2024). These disparities can be caused by regulatory, measurement, or methodological variations (Alareeni, 2019; Hay & Knechel, 2017). Nevertheless, the moderating role of RE in these relationships remains underexplored, particularly in developing economies (Alareeni, 2019; Pham et al., 2017). To address this gap, this research uses an Institutional Theory to investigate the moderating role of RE on relationships between ETC, AFS, and AQ in Tanzania.

This study confirms a reverse moderating effect of RE on AFS–AQ relationship that questions the results obtained in the context of developed countries, whilst unlike previous studies that assume homogeneous audit environments, this study concludes that RE is a significant moderator of the impact of ETC and AFS on AQ. In the case of Tanzania, the research provides new information on the effect of enforcement mechanisms on audit results. The audit environment in Tanzania is characterized by scarce resources and uneven regulatory enforcement (Chalu, 2020; World Bank Group, 2015). The dual nature of the NBAA as a regulator and a professional body generates the risk of conflict between enforcement and advocacy, which results in inconsistent regulation and the perception of laxity towards regulation (Chalu, 2020; PwC Tanzania, 2022). In contrast, South Africa separates regulatory and professional functions, aligning with the International Federation of Accountants (IFAC)’s best practices for transparency and impartiality in the profession (Chalu, 2020; Holtzblatt et al., 2020; PwC Tanzania, 2022). Neighboring countries like Uganda also operate dual-role framework (Kaawaase et al., 2016). This paper is structured as follows: apart from introduction, it has other five sections. These include literature review, methodology, presentation of results, discussion of the findings, and conclusion and recommendations.

## **Literature Review**

### **Determinants of Audit Quality**

AQ lacks a universally accepted definition due to its complexity and unobservable nature (Pham, et al. 2017). DeAngelo’s (1981) widely cited definition links AQ to competence and independence, describing it as “the market-assessed joint probability that a given auditor will both discover and report a breach in a client’s accounting system” (Ciger, 2020). However, this view has been criticized for not aligning with the audit risk model and high AQ (Defond & Zhang, 2014; Knechel et al., 2013). This study adopts Knechel et al.’s (2013) framework, which views AQ across the entire audit lifecycle. Accordingly, AQ is viewed as a multidimensional concept encompassing inputs (e.g., knowledge), processes (e.g., procedures), outputs (e.g., report), interactions (e.g., stakeholder), and contextual factors (e.g., culture) (Masanja, 2020). AQ is influenced by audit firm, client, and regulatory factors (Qi, et al., 2015). Firm-related determinants include size, competence, independence, specialization, and fees, while client-related factors include size and complexity. Regulatory influence arises from standards and rules set by oversight bodies (DeFond & Zhang, 2014; Qi et al., 2015). This study focuses on AFS, ETC, and RE as core drivers of AQ.

### **The Role of Audit Firm Size**

AFS is the general size and ability of a firm, regularly quantified by the revenue, global reach, number of employees, or number of clients (Kaawaase et al., 2016). AFS is often linked to AQ, where larger audit firms are likely to possess more resources, technology, technical capacity, and quality control systems, as well as more incentives of proper reputation (DeAngelo, 1981; Liu, 2024). Nonetheless, other studies claim that smaller firms can put more audit efforts because they have less access to affordable insurance, which leaves them exposed to greater financial risk in case of audit failure (Lawrence et al., 2011), unlike larger firms (Palmrose, 1988).

### **The Role of Engagement Team Competence**

ETC is defined as the aggregate skills, experience, and knowledge within a team offering professional services, including audits (Alsaedi & Kamyabi, 2023). ETC is normally linked to

AQ since the team can effectively exercise professional judgment, maintain adherence to standards, and minimize audit risk. Through competent engagement team, it is possible to plan, implement, and evaluate audits effectively and correctly, thus improving the overall AQ (Akuoko-Sarpong et al., 2024; Alsaeedi & Kamyabi, 2023). Nevertheless, other studies claim that uniformity and reliability in standardized audit systems and guidelines leave the aspect of competence to the auditor with minimal impact on AQ (Ciger, 2020; Pratiwi et al., 2020; Wahyuningsih, 2024).

### **The Role of Regulatory Enforcement**

RE denotes the processes of government or oversight bodies to make sure that the laws, rules, and professional requirements are complied with (Boolaky & Soobaroyen, 2017; Chalu, 2020). In the field of auditing and financial reporting, oversight bodies including the PCAOB (US), FRC (UK), IRBA (South Africa), manage the compliance with auditing, accounting, and ethical standards (Ciger, 2020; Holtzblatt et al., 2020). In Tanzania, NBAA is both a professional and regulatory body (IFAC, 2022). While the strength of enforcement differs across jurisdictions, audit failures are still investigated by the regulatory bodies and sanctions are imposed by them, as well as compliance encouraged to ensure the integrity and transparency of financial information (Ciger, 2020; Gow & Kells, 2018). A weak oversight discourages accountability and can diminish AQ (Hussein et al., 2020).

### **Prior Moderation Studies**

This section discusses previous literature on the influence of ETC and AFS on AQ, with RE or related regulatory aspects as the moderator. Regarding ETC, Dikua et al. (2023) reported that regulations positively impact AQ in Namibia by boosting ETC via professional development and training. On the same note, Hussein et al. (2020) found that the positive impact of audit team characteristics, including experience, continuing training and education on AQ, was reinforced by legal and professional requirements in Libya. Also, Knechel (2016) noted that regulation in the U.S influences audit team compliance thereby affecting AQ. Concerning AFS, Francis (2023) revealed that large firms which have more resources to work with, respond better to stringent regulatory oversight, which allows them to meet the demands of complex regulations, retain audit standards, and support AQ in UK. Lamoreaux et al. (2023) concluded that the U.S large firm offices enhanced AQ after enforcement measures by PCAOB, whereas Chalu (2020) revealed that large firms' participation in the standard-setting conveys insights that improve AQ. Owusu-Afriyie et al. (2024) discovered that external scrutiny of SMPs are essential to the ongoing improvement of AQ in Ghana. Nevertheless, Martinow et al. (2020) found that RE can negatively impact AQ due to professional turnover that may be triggered by strict RE. Huang et al. (2022) emphasized that excessively strict enforcement might diminish audit firm compliance, since regulators might be more rigid, legalistic and put firms under pressure. This may lead to decoupling whereby firms seem to be in compliance with external appearance yet not fully complying with internal processes to save their reputation (Meyer & Rowan, 1977).

Even though previous research has investigated the impact of RE (e.g., sanctions, inspections, and oversight mechanisms) on ETC, AFS, and AQ in other jurisdictions, this field has not been studied thoroughly in emerging economies (Owusu-Afriyie et al., 2024), and Tanzania is no exception. In part, this is because the enforcement data are not publicly available that prevents the evaluation of the regulatory effect on audit outcomes (PwC Tanzania, 2022). Nevertheless, as

RE regimes in different jurisdictions vary (Kleinman et al., 2014), comparative research is required to determine the impact of various enforcement structures on the relationship between ETC, AFS, and AQ. Effective legal frameworks and coercive regulatory instruments are effective in ensuring compliance as they help in aligning legislation with AQ standards (Owusu-Afriyie et al., 2024). In Tanzania, SMPs largely do not comply with the International Standards on Auditing (ISAs) and other relevant regulations due to the lack of technical capacity and institutional support, highlighting notable compliance gaps (Chalu, 2020; Owusu-Afriyie et al., 2024; World Bank Group, 2015). These gaps suggest that there is a need to conduct research that integrates ETC, AFS, and RE in a bid to gain deeper understanding of AQ in Tanzania.

**Theoretical Framework**

This paper follows the Institutional Theory that was developed by Meyer and Rowan (1977), and wrought out by DiMaggio and Powell (1983). According to the theory, organizations are influenced by their social settings, comprising structures, policies, and activities, and must be in line with norms, rules and regulations in order to attain legitimacy, resources, and guarantee survival (Scott, 2008). The theory discovers three classes of isomorphism which are used to explain organizational similarity over time. Coercive isomorphism is where external legal and regulatory forces force organizations to comply with laws. Normative isomorphism is connected with professionalization, arises from ethics, professional standards, and training. Mimetic isomorphism is when organizations mimic others in order to improve performance (DiMaggio & Powell, 1983). In auditing, RE is a sign of coercive isomorphism, which forces firms to uphold AQ and adhere to legal requirements (Lamoreaux et al., 2023). The implementation of measures like Continuing Professional Development (CPD), regulatory bodies, including the NBAA, strengthen ETC, thus enhancing AQ (Francis, 2023; IFAC, 2022). Using Institutional Theory, Boolaky and Soobaroyen (2017) discovered that normative, mimetic, and coercive pressures have a greater impact on the adoption of ISA in 89 countries. Therefore, the institutional theory guides this study because it helps to describe the association between ETC, AFS, and AQ, as moderated by RE.

**Hypotheses Development**

**Moderating Role of RE on AFS and AQ**

Despite extensive research has been conducted to find out the impact of AFS on AQ, the results are not consistent and conclusive (Salehi et al., 2019), as indicated in Table 1.

**Table 1: Empirical Findings on AFS and AQ**

Author(s)	Country	Methodology	Findings
Alareeni (2019)	Multiple countries	Meta-analysis	Positive
Kaawaase et al. (2016)	Uganda	Mixed methods; NVivo and Mann-Whitney U.	No effect
Liu (2024)	China	Quantitative	Positive
Mawutor et al. (2019)	Ghana	Quantitative; Linear regression	Negative
Pham et al. (2017)	Vietnam	Quantitative; Multiple regression analysis	Negative

**Source:** Literature

Inconsistencies in prior findings may reflect country-specific regulatory contexts (Alareeni, 2019; Hay & Knechel, 2017). Larger and resource-rich audit firms are better equipped to comply with regulations due to robust quality control systems, staff training, effective supervision mechanisms, and litigation risk (Francis, 2023; Palmrose, 1988). Aligned with Institutional Theory, RE, as a form of coercive isomorphism, compels auditing firms to comply with professional standards through mechanisms like mandatory CPD, codes of conduct, and competence requirements. Large audit firms are more responsive to these pressures due to their greater visibility, professional networks, and internal quality systems (IFAC, 2022; Lamoreaux et al., 2023). Under stronger RE, they are better positioned to meet institutional expectations thus enhancing the ASFS–AQ positive link. Accordingly, the following hypothesis is proposed:

*H1: Regulatory enforcement strengthens the influence of audit firm size on audit quality.*

**Moderating Role of RE on ETC and AQ**

Despite extensive research has been conducted to find out the impact of audit competence/ETC on AQ, the results are not consistent and conclusive (Pratiwi et al., 2020), as indicated in Table 2.

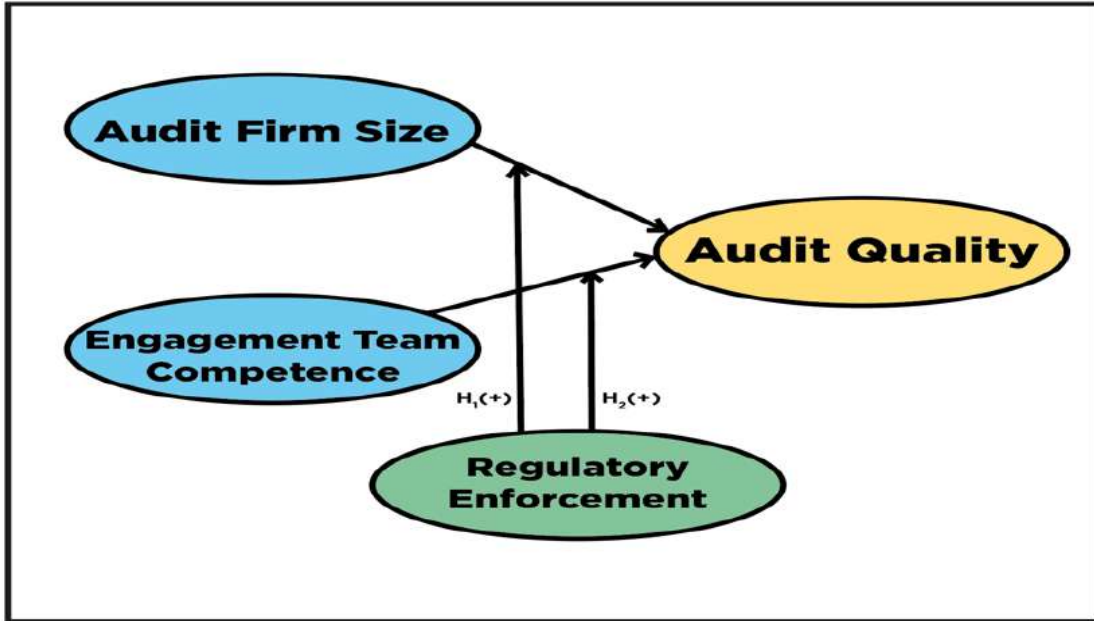
**Table 2: Empirical Findings on Auditor Competence and AQ**

Author(s)	Country	Methodology	Findings
Alsaeedi & Kamyabi (2023)	Iraq	Quantitative; SmartPLS 4	Positive
Hussein et al. (2020)	Libya	Quantitative; Multiple regression	Positive
Pratiwi et al. (2020)	Indonesia	Quantitative; Multiple regression	No significant effect
Wahyuningsih (2024)	Indonesia	Quantitative; Multiple regression	No significant effect

**Source:** Literature

Although ETC is associated with higher AQ, its impact depends on the strength of RE (Dikuua, et al., 2023). In weak enforcement environments, competent teams may lack sufficient institutional pressure to apply their expertise consistently. Professional judgement and compliance with auditing standards are encouraged by tough regulations (Hussein et al., 2020; Knechel, 2016). Therefore, under the circumstances of strong RE, these effects are enhanced and support the positive ETC–AQ relationship. As per the Institutional Theory, RE is a form of coercive isomorphism that strengthens normative pressures by fostering compliance with professional standards via CPD and technical competence requirements (Francis, 2023; IFAC, 2022). This, in turn, strengthens the influence of ETC on AQ. Accordingly, the following hypothesis is proposed:

*H2: Regulatory enforcement strengthens the influence of engagement team competence on audit quality.*



**Figure 1: Conceptual Model Showing Moderation Effects**  
 Source: Literature

**Methodology**

**Research Design, Population and Sample**

The potential cause-and-effect relationships between ETC, AFS, RE, and AQ were analyzed using an explanatory cross-sectional design based on data collected at one point in time from auditing firms due to time and financial limitations (Emeni & Ugbogbo, 2014). Out of 179 NBAA-registered auditing firms, a sample size of 124 firms was obtained using the formula presented by Yamane (1967) with a 5% margin of error. The final sample size of 147 firms (Table 3) was raised by a 13% buffer to account for non-responses (Curtin et al., 2000; NBAA, 2022). Excel’s ‘= RAND’ function was used to create stratified random sampling so that every firm had an equal probability of being picked (Bhattacharjee, 2012). Areas with the highest number of auditing firms were chosen to manage resources and time (Table 3), and stratification was performed by region and firm size according to NBAA classification.

**Table 3: Sample Size by Region, Firm Size, and Total Firms in Region**

Region	Auditing Firms			Subtotal	% of Total Firms in the Region
	Small	Medium	Large		
Dar es Salaam	102	11	05	118	72.6%
Arusha	17	01	00	18	11.1%
Kilimanjaro	07	00	00	07	4.5%
Mwanza	04	00	00	04	2.2%
<b>Grand Total</b>	<b>130</b>	<b>12</b>	<b>05</b>	<b>147</b>	

Source: NBAA (2022)

This paper investigated Tanzanian auditing firms as the unit of analysis and individual partners as the unit of inquiry due to their leadership position and capacity to evaluate the effects of ETC, AFS, and RE on AQ. A partner was picked at random in each firm to be representative and independent of observations. The sample met the SmartPLS “10-times rule,” that necessitates a minimum of 10 cases per the highest structural paths, giving a minimum of 30 observations. According to G\*Power analysis ( $\alpha = 0.05$ , power = 0.80, medium effect size = 0.15, 3 predictors), 77 observations were adequate for analysis (Hair et al., 2017). The NBAA website was used to obtain partners, who were included in a sampling frame and randomly chosen to reduce bias and duplications (Bhattacharjee, 2012). One partner was selected per firm to minimize intra-firm correlation (Saunders et al., 2019).

Primary quantitative data were collected in the form of a five-point Likert-scale questionnaire (1 denotes strongly disagree to 5 denotes strongly agree). The tool included four parts: Section A covered firm-specific information (category and size); Section B to D covered 32 statements that assessed ETC, AFS, RE, and AQ. The five-point scale was chosen as it maximizes response rates and minimizes measurement error (John, 2010). The questionnaire was reviewed by three practitioners and two academics, piloted with 15 firms, revised, and finalized to ensure face and content validity. A convenient and an efficient web-based questionnaire (Google Form) was dispatched via email and WhatsApp, and 147 valid responses were obtained (100 percent response rate). The participation was enabled by follow-ups (calls and emails) and a thorough sampling frame, which helped to clarify confusion and minimize non-response bias and the risk of systematic exclusion. Participants were given identifiers, duplicates were removed, and all responses were reliable and valid (Saunders et al., 2019). Informed consent, anonymity, voluntary participation, and confidentiality were ethical standards followed strictly (Bhattacharjee, 2012). Descriptive statistics analyzed respondent characteristics, and PLS-SEM tested hypotheses. PLS-SEM was chosen over covariance-based SEM for its suitability in predictive research, handling complex models, small samples, and non-normal data, though it limits causal inference and lacks global fit measures (Hair et al., 2017).

**Measurement of Variables**

AQ was measured using ten items, AFS seven items, ETC eight items, and RE seven items (Table 4).

**Table 4: Variable Measurements**

Variable		Measurements	Sources
<b>Predictor variable</b>			
Engagement Competence	Team	Auditors’ education level; auditors’ professional certifications; auditors’ continuing professional education; firm’s training programs; experience of: audit manager, audit supervisor, and engagement partner; engagement team members’ ethical standards.	(Hussein et al., 2020)
Audit Firm Size		Number of audit staff; level of technology; number of offices; number of branches; the range of services; firm’s geographical presence; level of income earned.	(Tusubira & Namanya, 2021; Van et al., 2022).

<b>Outcome variable</b>		
Audit Quality	Ethical standards, professional values, and attitudes of auditors; professional knowledge, skills, and experience of auditors; time allocated for conducting audit; rigor of audit process; timeliness, quality, and usefulness of audit reports; compliance of quality control procedures with regulations and auditing standards; interaction with stakeholders in the financial reporting process; consideration of financial reporting framework; consideration of financial reporting laws and regulations; consideration of cultural issues.	(Masanja, 2020)
<b>Moderating Variable</b>		
Regulatory Enforcement	The effectiveness of: NBAA monitoring and oversight; NBAA investigation process; NBAA disciplinary actions; NBAA enforcement actions; NBAA communication on consequences; NBAA investigation timeliness; regularity of NBAA AQ inspection.	(Chalu, 2020; Hussein et al., 2020)

Source: Literature

## Results

### Characteristics of Auditing Firms

The results indicate that majority of sampled firms were small (88.4%), then medium (8.2%) and large (3.4%); Big Four firms represented 2.7%. This composition of firms offered a variety of opinions on AQ (Table 5).

**Table 5: Characteristics of Auditing Firms (n = 147)**

Type	Profile	Frequency	Percentage
<b>Firm's size</b>	Small	130	88.4
	Medium	12	8.2
	Large	5	3.4
<b>Organization category</b>	Big Four	4	2.7
	Non Big Four	143	97.3

Source: Primary Data

### Descriptive Statistics

Table 6 summarizes the perceptions of respondents by presenting the mean scores and standard deviations of each variable. A standard deviation less than one indicates consistent responses and a mean exceeding three indicates positive perceptions (Oxford & Burry-Stock, 1995). The sample mostly agreed with the statements and the data were normally distributed, as variables' mean scores exceeded three and standard deviations were below one. AFS had the top mean score (3.896), then RE (3.810), AQ (3.711), and finally ETC (3.620).

**Table 6: Descriptive Statistics of Variables (n = 147)**

<b>Constructs</b>	<b>Mean</b>	<b>Standard Deviation</b>
Audit Firm Size	3.896	.945
Engagement Team Competence	3.620	.933
Regulatory Enforcement	3.810	.884
Audit Quality	3.711	.926

**Source:** Primary Data

**Hypotheses Test Results**

SmartPLS 3 was used to estimate the path model. Before analyzing the structural model, the measurement model was tested, and the significance of path coefficients was analyzed using bootstrapping (Hair et al., 2017).

**Measurement Model Evaluation Results**

The measurement model encompassed reflective constructs of ETC, RE, AFS, and AQ because they are conceptually similar, highly correlated, and interchangeable indicators verified using reliability and validity tests. Composite Reliability (CR) and outer loadings were used to evaluate reliability. All indicators with loadings exceeding 0.70 threshold were included, with the exceptions of AQ\_1 (0.629) and AQ\_2 (0.624), which were not discarded due to their theoretical importance and value to content validity. Items with low loading, including AFS\_7 (0.566), AQ\_6 (0.513), AQ\_7 (0.544), AQ\_8 (0.487), AQ\_9 (0.473), AQ\_10 (0.526), ETC\_6 (0.574), ETC\_7 (0.486), ETC\_8 (0.523), RE\_5 (0.542), RE\_6 (0.513), and RE\_7 (0.475) were removed, resulting in improved the model’s average variance extracted (AVE) and CR (Hair et al., 2017). CR was used to assess internal consistency, exceeding the 0.70 threshold for all constructs (Table 7). Validity was evaluated using AVE (convergent validity), Heterotrait-Monotrait (HTMT), and Fornell-Larcker criteria (discriminant validity). Convergent validity was supported, AVE’s values exceeded 0.50 (Table 7), supporting the model’s validity (Hair et al., 2017).

**Table 7: Evaluation Results for the Measurement Model (n = 147)**

<b>Code</b>	<b>Measurement Scales</b>	<b>Loading</b>	<b>CR</b>	<b>AVE</b>
<b><i>AFS</i></b>	<b><i>Audit Firm Size</i></b>		<b>0.903</b>	<b>0.608</b>
AFS_1	The audit firm has enough number of audit staff	0.718		
AFS_2	The audit firm uses higher technology to do its work	0.734		
AFS_3	The audit firm has enough number of offices	0.796		
AFS_4	The audit firm has enough number of branches	0.837		
AFS_5	The number of types of services provided by the audit firm is satisfactory	0.845		
AFS_6	The geographical coverage of the services provided by the audit firm is great in the context of domestic affiliations	0.737		
<b><i>ETC</i></b>	<b><i>Engagement Team Competence</i></b>		<b>0.925</b>	<b>0.712</b>
ETC_1	In the audit firm, engagement team consists of auditors with at least a bachelor degree in accounting/accounting related field	0.852		

ETC_2	In the audit firm, engagement team consists of auditors with professional certificates (like CPAs, ACCA etc.)	0.856		
ETC_3	In the audit firm, auditors in the engagement team should achieve in the year at least 40 hours as the continuing professional education	0.852		
ETC_4	The audit firm's training policy includes programs specifically designed for the engagement team to maintain and enhance their professional competence	0.810		
ETC_5	In the audit firm, the audit manager has been on the audit for at least three years	0.850		
<b>RE</b>	<b>Regulatory Enforcement</b>		<b>0.935</b>	<b>0.784</b>
RE_1	NBAA's monitoring and oversight efforts are effective in identifying areas of non-compliance	0.915		
RE_2	The investigation process by the NBAA is efficient in addressing non-compliance	0.845		
RE_3	Disciplinary actions taken by the NBAA serve as a deterrent to non-compliance	0.911		
RE_4	NBAA applies enforcement actions consistently across all practitioners and firms	0.868		
<b>AQ</b>	<b>Audit Quality</b>		<b>0.856</b>	<b>0.547</b>
AQ_1	In the audit firm, auditors exhibit appropriate ethics, values and attitudes	0.629		
AQ_2	In the firm, auditors are adequately knowledgeable, skilled and experienced	0.624		
AQ_3	In the firm, auditors have adequate time allocated to perform the audit work	0.748		
AQ_4	In the firm, auditors apply rigorous audit process	0.869		
AQ_5	In the firm, auditors provide reports on time that are well prepared and useful	0.799		

**Note:** CR = Composite Reliability; AVE = Average Variance Extracted  
 HTMT values fell below the threshold of 0.90 (Table 8), and the square root of AVE of each construct surpassed its correlation with other constructs (Table 9), which supports sufficient discriminant validity (Hair et al., 2017).

**Table 8: Heterotrait-Monotrait Results (n = 147)**

Variable	AFS	AQ	ETC	RE
Audit Firm Size (AFS)				
Audit Quality (AQ)	0.712			
Engagement Team Competence (ETC)	0.585	0.861		
Regulatory Enforcement (RE)	0.680	0.811	0.834	

**Table 9: Fornell-Larcker Results (n = 147)**

Variable	AFS	AQ	ETC	RE
Audit Firm Size (AFS)	0.780			
Audit Quality (AQ)	0.612	0.740		
Engagement Team Competence (ETC)	0.528	0.729	0.844	
Regulatory Enforcement (RE)	0.618	0.697	0.756	0.885

**Source:** Primary data

**Structural Model Evaluation Results**

The structural model was tested in accordance with Hair et al. (2017), including the assessment of multicollinearity, predictive relevance ( $Q^2$ ), coefficient of determination ( $R^2$ ), and path significance. Standardized Root Mean Square Residual (SRMR) was used to test model fit. None of the indicator-level Variance Inflation Factor (VIF) values exceeded 5 threshold (Table 10), demonstrating that no multicollinearity problem was observed (Hair et al., 2017).

**Table 10: Indicator Multicollinearity (VIF) Results (n = 147)**

Constructs	Indicators	VIF
Audit Firm Size	AFS_1	1.75
	AFS_2	1.833
	AFS_3	2.057
	AFS_4	2.513
	AFS_5	2.295
	AFS_6	1.657
Audit Quality	AQ_1	1.392
	AQ_2	1.254
	AQ_3	1.72
	AQ_4	2.287
	AQ_5	1.91
Engagement Team Competence	ETC_1	2.801
	ETC_2	2.549
	ETC_3	2.843
	ETC_4	2.474
	ETC_5	2.771
Regulatory Enforcement	RE_1	3.245
	RE_2	2.545
	RE_3	3.553
	RE_4	2.698

**Source:** Primary data

To handle Common Method Bias (CMB), full collinearity was measured and none of the construct-level full collinearity VIF values exceeded 5 threshold (Table 11), demonstrating that CMB issues were not present (Hair et al., 2017).

**Table 11: Full Collinearity (VIF) Results (n = 147)**

Constructs	Audit Quality
Audit Quality	
Audit Firm Size	1.959
Engagement Team Competence	2.370
Regulatory Enforcement	2.977

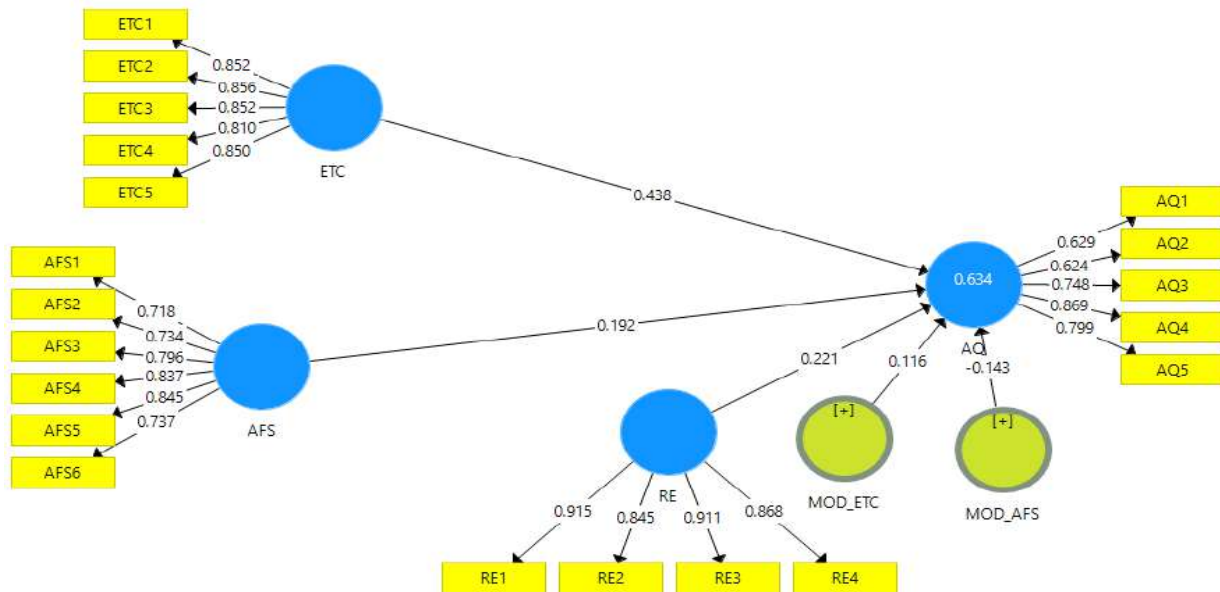
Source: Primary data

SmartPLS 3 was used to analyze the structural model with bootstrapping (5,000 subsamples) to determine the significance and stability of the parameters. Findings (Table 12; Figure 2) indicate that 63.4% of AQ was explained by ETC, AFS, and RE ( $R^2 = 0.634$ ; moderate predictive power),  $Q^2 = 0.325$  (moderate predictive relevance), and SRMR = 0.075 (below 0.08), demonstrating good-model-fit (Hair et al., 2017). Table 12 presents the significance of the path coefficients. Hypothesis 1 ( $H_1$ ) predicted that RE would positively moderate the AFS–AQ relationship. Realistically, contrary to expectation, the results revealed a substantial negative moderation ( $\beta = -0.143$ ;  $p < 0.05$ ; 95% CI  $[-0.250, -0.027]$ ), implying the positive influence of AFS on AQ is slightly diminished by an increase in RE.  $H_1$  is therefore not supported. The effect is small, with a one standard deviation increase in RE x AFS reducing AQ by a 0.143 standard deviation, controlling for other variables, demonstrating limited practical impact unless RE changes substantially (Hair et al., 2017). Hypothesis 2 ( $H_2$ ) hypothesized that ETC–AQ relationship would be positively moderated by RE. Results showed a significant positive moderation ( $\beta = 0.116$ ;  $p < 0.05$ ; 95% CI  $[0.021, 0.207]$ ), supporting  $H_2$ . An increment of 1 standard deviation in RE x ETC elevates AQ by 0.116 standard deviation, keeping other variables constant. The effect, although small, indicates that RE enhances the positive impact of ETC on AQ, which may be strategically important in the case where even small AQ gains count (Hair et al., 2017). Regarding direct effects, AFS ( $\beta = 0.192$ ;  $p < 0.05$ ), ETC ( $\beta = 0.438$ ;  $p < 0.01$ ), and RE ( $\beta = 0.221$ ;  $p < 0.05$ ) positively and significantly influence AQ, with ETC as the most influential factor, then RE and AFS (Hair et al., 2017).

**Table 12: Structural Model Results (n = 147)**

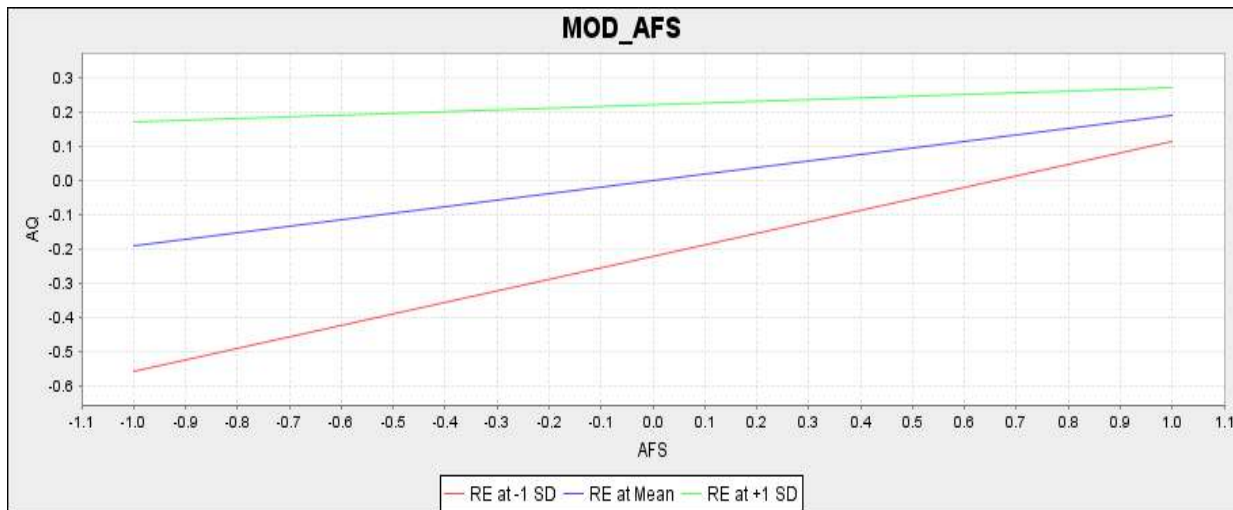
Path	Std. Coefficients ( $\beta$ )	T-Values	P-Values	95% CI	$R^2$	$Q^2$
AFS -> AQ	0.192	2.296	0.011**	[0.064, 0.339]	0.634	0.325
ETC -> AQ	0.438	4.424	0.000***	[0.271, 0.600]		
RE x AFS -> AQ	-0.143	2.065	0.020**	$[-0.250, -0.027]$		
RE x ETC -> AQ	0.116	1.944	0.026**	[0.021, 0.207]		
RE -> AQ	0.221	2.092	0.018**	[0.038, 0.390]		

Note: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ . 95% confidence intervals and p-values were estimated in SmartPLS3 using bootstrapping (5,000 subsamples)



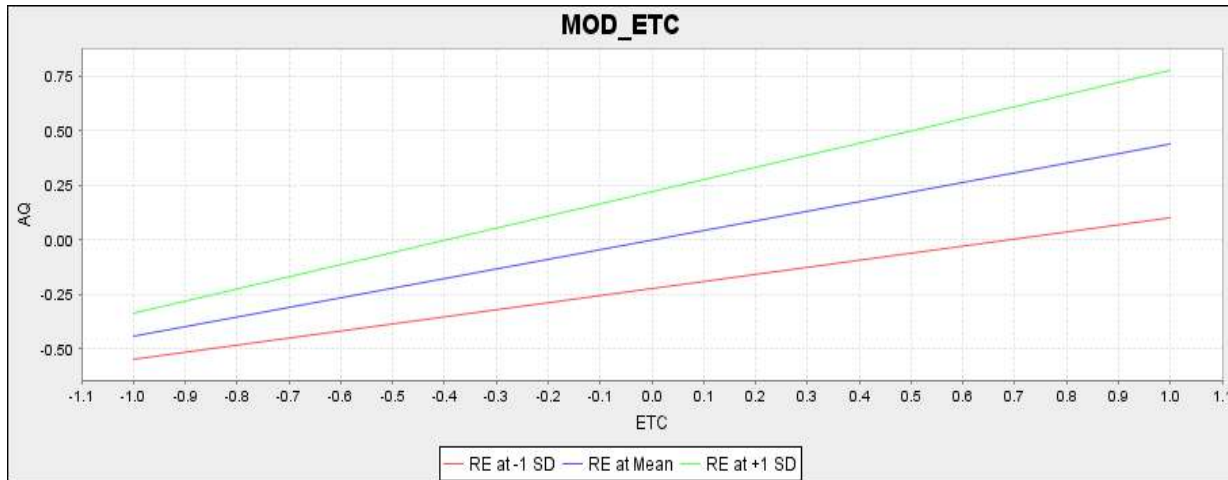
**Figure 2: Structural Model Results Including Moderation Effects**  
 Source: Primary data, calculated using SmartPLS3

Simple slope analyses indicate that RE negatively moderates the AFS–AQ relationship, with AFS’s effect strongest at low RE (–1 SD) and weakest at high RE (+1 SD) (Figure 3). In contrast, the ETC’s effect on AQ is stronger at high RE (+1 SD) than at low RE (–1 SD) (Figure 4), indicating that stronger RE amplifies ETC’s positive effect but it weakens the AFS’s positive effect on AQ.



**Figure 3: RE Moderates the AFS–AQ Relationship**

**Note:** RE = Regulatory Enforcement. SD = Standard Deviation. The red line represents the relationship at low RE, denoted as “RE at –1 SD.” The green line represents the relationship at high RE, denoted as “RE at +1 SD.”



**Figure 4: RE Moderates the ETC–AQ Relationship**

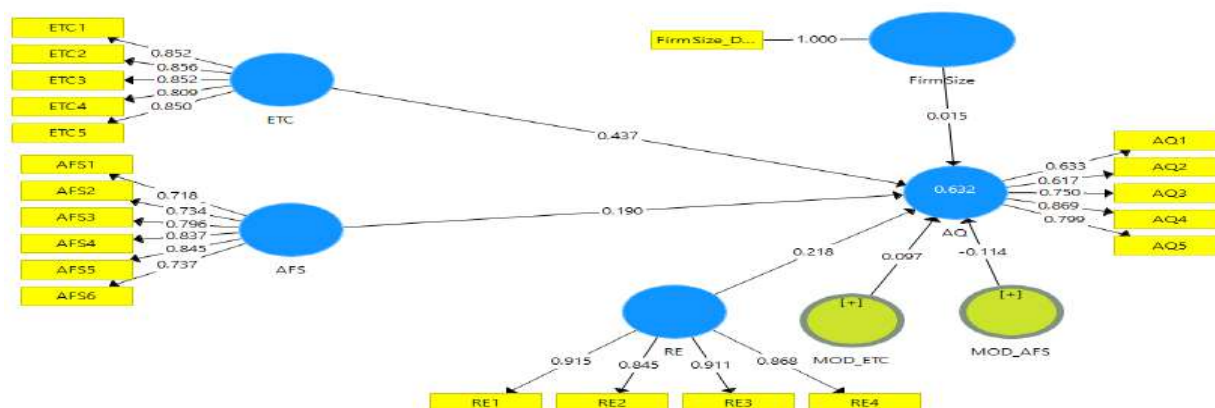
**Note:** RE = Regulatory Enforcement. SD = Standard Deviation. The red line represents the relationship at low RE, denoted as “RE at –1 SD.” The green line represents the relationship at high RE, denoted as “RE at +1 SD.”

Larger and more visible firms may face stricter RE, potentially biasing results. Firm Size (FS) was included to mitigate bias. The test of robustness was done by re-estimating the model with FS (0 = small, 1 = medium/large) included as a control variable, and medium and large firms were combined to provide sufficient group size and reliable estimates (Defond & Zhang, 2014). Findings (Table 13; Figure 5) were largely consistent with the ones obtained from the model without the control variable. FS did not produce any meaningful difference in AQ ( $\beta = 0.015$ ,  $p = 0.410$ ) or any relevant difference in the direction, magnitude, or significance of the main and moderating effects. AQ’s  $R^2$  remained unchanged ( $\approx 0.63$  vs.  $0.63$ ), which is a good sign of robustness.

**Table 13: Structural Model Results With Control Variable (n = 147)**

Path	Std. Coefficients ( $\beta$ )	T-Values	P-Values	Confidence Intervals	
				5.0%	95.0%
AFS -> AQ	0.190	2.250	0.012**	0.060	0.334
ETC -> AQ	0.437	4.207	0.000***	0.268	0.610
Firm Size -> AQ	0.015	0.292	0.385	-0.074	0.102
RE x AFS -> AQ	-0.114	2.004	0.023**	-0.205	-0.019
RE x ETC -> AQ	0.097	1.898	0.029**	0.016	0.180
RE -> AQ	0.218	2.023	0.022**	0.039	0.391
<b>R-Square</b>					
AQ	0.632				

**Note:** \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , \* $p < 0.1$ . 95% confidence intervals and p-values were estimated in SmartPLS3 using bootstrapping (5,000 subsamples)



**Figure 5: Structural Model Results Including Moderating and Control Variables**  
**Source:** Primary data, calculated using SmartPLS3

### Discussion

This paper has discovered that RE has a negative moderating effect on the AFS–AQ relationship in Tanzania ( $\beta = -0.143, p < 0.05$ ), undermining the positive influence of AFS as RE increases. Simple slope analysis indicated that with low RE ( $-1$  SD) AQ increased by 0.70, as AFS switched from  $-1$  to  $+1$ . At high RE ( $+1$  SD), there was a modest increase in AQ of 0.15, demonstrating that the impact of AFS is less strong in stricter regulatory conditions (Figure 3). These findings partially confirm the Institutional Theory by emphasizing the context-specific role of RE. Strict regulations in high RE environments standardize audit practices thereby limiting the impact of firm’s specificities like size on audit. At low RE, larger audit firms depend more on the in-house capabilities to uphold AQ, which exemplifies external environments in shaping organization behavior. These findings are consistent with Huang et al. (2022) and Martinow et al. (2020), indicating that stringent RE may diminish the compliance of audit firms and negatively affect AQ. Large audit firms have experienced scandals and lawsuits since the 1970s, which have led to heightened regulatory scrutiny (Gow & Kells, 2018; Huang et al., 2022) and contributed to so-called decoupling, where companies seem to be compliant externally but not entirely within internal procedures (Meyer & Rowan, 1977). For example, a US regulator fined PwC \$7 million because its staff cheated on training exams in Hong Kong and China (Financial Times, 2023).

RE has a positive moderating effect on the ETC–AQ relationship ( $\beta = 0.116, p < 0.05$ ), indicating that the positive influence of ETC is strengthened as the degree of RE increases. At low RE ( $-1$  SD) AQ increased by 0.75, as ETC switched from  $-1$  to  $+1$  whilst at high RE ( $+1$  SD) the change in AQ was 0.95, demonstrating a stronger effect of ETC when it is more strictly regulated (Figure 4). These findings confirm the Institutional Theory, demonstrating that external supervision, including the CPD requirements of the NBAA, increases the level of auditor competence and eventually, improves AQ. The findings are consistent with the previous research (Hussein et al., 2020; Knechel, 2016), indicating that the impact of team competence on AQ is reinforced by external factors, including regulators. FS, the control variable, did not significantly influence AQ ( $\beta = 0.015, p = 0.410$ ) and did not significantly change moderating effects, demonstrating the strength of the findings.

## Conclusion and Implications

This paper has established that RE moderates the influence of AFS on AQ negatively, but moderates the influence of ETC on AQ positively in Tanzanian auditing firms, indicating that RE diminishes the impact of AFS and enhances the impact of ETC on AQ. Theoretically, the study adds to the knowledge base by explicating the connections between ETC, AFS, RE, and AQ and it emphasizes the significant role of the RE in defining these relationships. The paper also justifies the use of Institutional Theory in the contexts of auditing. In contrast to the previous studies that assumed homogeneous audit environments, and the ones that assumed that RE positively influences the AFS–AQ relationship, this study confirms a reverse moderating effect of RE on AFS–AQ relationship. Thus, theoretically assumed AQ benefits of large auditing firms cannot be expected to occur in a systematic way across the regulatory environment. To improve ETC, small auditing firms in Tanzania need to increase capacity, diversify client base, and improve resources to ensure high-quality audits by providing specific training, quality controls, and frequent peer reviews.

## Policy Implications

This paper concludes that RE can enhance the positive ETC–AQ relationship. Assuming causality, it implies that regulators such as the NBAA can improve AQ by promoting auditor competence via CPD, overseeing compliance, and standards enforcement. Conversely, the research concludes that RE can undermine the positive AFS–AQ relationship. Assuming causality, excessively strict enforcement may cause compliance fatigue, especially in large audit firms and lower AQ. The regulators therefore ought to have a balanced, supportive approach in enforcement such as capacity-building programs, phased enforcement, and joint inspections. Policy makers may implement positive incentives such as subsidies on training or technical assistance to enhance compliance. Balanced supervision can uphold AQ and can contribute to economic objectives. These causal associations should be validated by further longitudinal or experimental studies before translating these associations into particular policy actions. Limitations of the research encompass the use of single-respondent data that may restrict firm-general views, cross-sectional design restricting causal inferences, and self-reported data that is susceptible to bias. Moreover, the results cannot be generalized outside the Tanzanian regulatory and auditing environment. To determine the causal mechanisms of the negative moderation effect, future studies may employ longitudinal designs or panel data of DSE-listed companies. How enforcement influences audit outcomes may be studied using regulatory-action event studies. More detailed information on the implementation and perception of RE could be gained through mixed-methods designs such as interviews with regulators.

## References

- Akuoko-Sarpong, R., Gyasi, S. T., & Affram, H. (2024). Audit quality and its determinants: Study the factors that influence audit quality, including auditor independence, firm size, and regulatory environment. *International journal of innovative science and research technology (IJISRT)*, 9(8), 1585-1598. <https://doi.org/10.38124/ijisrt/IJISRT24AUG1058>
- Alareeni, B. A. (2019). The associations between audit firm attributes and audit quality-specific indicators: A meta-analysis. *Managerial Auditing Journal*, 34(1), 6-43. <https://doi.org/10.1108/MAJ-05-2017-1559>

- Alsaeedi, A. M. A., & Kamyabi, Y. (2023). The Impact of Auditor Experience and Competence on Audit Quality with Moderating Role of Auditors Ethics: Evidence from Iraq. *Russian Law Journal*, 11(11S), 112-128. <https://doi.org/10.52783/rlj.v11i11s.1880>
- BBC. (2020, October 26). *BHS collapse: "I was in charge of millions, then I had nothing."* *BBC News*. Retrieved December 23, 2024, from <https://www.bbc.com/news/business-54056046>
- Bhattacharjee, A. (2012). *Social science research: Principles, methods, and practices*. University of South Florida. Retrieved July 20, 2024, from [https://digitalcommons.usf.edu/oa\\_textbooks/3](https://digitalcommons.usf.edu/oa_textbooks/3)
- Boolakay, P. K., & Soobaroyen, T. (2017). Adoption of international standards on auditing (ISA): do institutional factors matter?. *International Journal of Auditing*, 21(1), 59-81. <https://doi.org/10.1111/ijau.12081>
- Chalu, H. (2020). Adoption of International Standards on Auditing by Small and Medium-Sized Practices in Tanzania: An Examination of Critical Factors. *Tanzanian Economic Review*, 9(2), 53–88. <https://doi.org/10.56279/ter.v9i2.46>
- Ciger, A. (2020). Audit quality: A bibliometric analysis (1981-2020). *Scientific Annals of Economics and Business*, 67(4), 473-494. <https://doi.org/10.47743/saeb-2020-0031>
- Curtin, R., Presser, S., & Singer, E. (2000). The effects of response rate changes on the index of consumer sentiment. *Public opinion quarterly*, 64(4), 413-428. <https://doi.org/10.1086/318638>
- DeAngelo, L. E. (1981). Auditor size and audit quality. *Journal of accounting and economics*, 3(3), 183-199. [https://doi.org/10.1016/0165-4101\(81\)90002-1](https://doi.org/10.1016/0165-4101(81)90002-1)
- DeFond, M., & Zhang, J. (2014). A review of archival auditing research. *Journal of accounting and economics*, 58(2-3), 275-326. <https://doi.org/10.1016/j.jacceco.2014.09.002>
- Dikuua, M. B., Maroun, W., van Zijl, W., & Ram, A. J. (2023). Audit regulation and its relevance for audit quality in Namibia. *South African Journal of Economic and Management Sciences*, 26(1), 4866. <https://doi.org/10.4102/sajems.v26i1.4866>
- DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American sociological review*, 48(2), 147-160. <https://doi.org/10.2307/2095101>
- Emeni, F. K., & Ugbogbo, S. N. (2014). Accounting frameworks and cross-cultural effects on accounting disclosure practices in Nigeria. *Covenant Journal of Business and Social Sciences*, 6(2), 48-69. Retrieved May 25, 2024, from <https://journals.covenantuniversity.edu.ng/index.php/cjbss/article/download/8/4>
- Financial Times. (2023, November 30). PwC fined \$7mn over exam cheating by China and Hong Kong staff. *Financial Times*. Retrieved May 28, 2024, from <https://www.ft.com/content/026720e0-5e53-4642-bdff-42013552b00b>
- Francis, J. R. (2023). Going big, going small: A perspective on strategies for researching audit quality. *The British Accounting Review*, 55(2), 101167. <https://doi.org/10.1016/j.bar.2022.101167>
- Gow, I. D., & Kells, S. (2018). *The big four: The curious past and perilous future of the global accounting monopoly*. Berrett-Koehler Publishers.
- Hair, J. F., J., Hult, G. T. M., Ringle, C. M., & Sarstedt, M. (2017). *A primer on partial least squares structural equation modelling (PLS-SEM) (2nd Ed.)*. SAGE Publications Ltd.

- Hay, D. C., & Knechel, W. R. (2017). Meta-regression in auditing research: Evaluating the evidence on the Big N audit firm premium. *Auditing: A Journal of Practice & Theory*, 36(2), 133-159. <https://doi.org/10.2308/ajpt-51572>
- Holtzblatt, M. A., Foltin, C., & Tschakert, N. (2020). Learning from ethical violations in public accounting: A South African audit scandal and a firm's transformation. *Issues in Accounting Education*, 35(2), 37-63. <https://doi.org/10.2308/issues-19-062>
- Huang, X., Ko, J. C., & Phang, S. Y. (2022). Effects of regulatory enforcement style and audit firm remedial actions on investors' perceptions of audit quality. *International Journal of Auditing*, 26(4), 553-571. <https://doi.org/10.1111/ijau.12295>
- Hussein, F. E., Hanefah, M. M., & Endaya, K. A. (2020). Audit team characteristics, and external environment audit factors: Effects on audit quality in Libya. *East African Scholars Journal of Economics, Business and Management*, 3(10), 768-780. <https://doi.org/10.36349/easjebm.2020.v03i10.002>
- International Federation of Accountants (IFAC). (2022, November). National Board of Accountants and Auditors (Tanzania). Retrieved September 23, 2024, from <https://www.ifac.org/about-ifac/membership/members/national-board-accountants-and-auditors>
- Johns, R. (2010). Likert items and scales. *Survey question bank: Methods fact sheet*, 1(1), 11-28. Retrieved July 13, 2024, from [https://ukdataservice.ac.uk/media/262829/discover\\_likertfactsheet.pdf](https://ukdataservice.ac.uk/media/262829/discover_likertfactsheet.pdf)
- Kaawaase, T. K., Assad, M. J., Kitindi, E. G., & Nkundabanyanga, S. K. (2016). Audit quality differences amongst audit firms in a developing economy: The case of Uganda. *Journal of Accounting in Emerging Economies*, 6(3), 269-290. <https://doi.org/10.1108/JAEE-08-2013-0041>
- Kleinman, G., Lin, B. B., & Palmon, D. (2014). Audit quality: A cross-national comparison of audit regulatory regimes. *Journal of Accounting, Auditing & Finance*, 29(1), 61-87. <https://doi.org/10.1177/0148558X13516127>
- Knechel, W. R. (2016). Audit quality and regulation. *International Journal of Auditing*, 20(3), 215-223. <https://doi.org/10.1111/ijau.12077>
- Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B., & Velury, U. K. (2013). Audit quality: Insights from the academic literature. *Auditing: A journal of practice & theory*, 32(Supplement 1), 385-421. <https://doi.org/10.2308/ajpt-50350>
- Lamoreaux, P. T., Mowchan, M., & Zhang, W. (2023). Does Public Company Accounting Oversight Board regulatory enforcement deter low-quality audits?. *The Accounting Review*, 98(3), 335-366. <https://doi.org/10.2308/TAR-2020-0658>
- Lawrence, A., Minutti-Meza, M., & Zhang, P. (2011). Can Big 4 versus non-Big 4 differences in audit-quality proxies be attributed to client characteristics?. *The accounting review*, 86(1), 259-286. <https://doi.org/10.2308/accr.00000009>
- Leaver, A., Seabrooke, L., Stausholm, S., & Wigan, D. (2020). Auditing with accountability: shrinking the opportunity spaces for audit failure (Report, 48 pp.). University of Sheffield & Copenhagen Business School. Retrieved October 20, 2024, from <https://eprints.whiterose.ac.uk/163161/1/Auditing-with-Accountability.pdf>
- Liu, C. (2024). Auditor Size, Audit Market Concentration, and Audit Quality: Chinese Evidence. *Earth & Environmental Science Research & Reviews*, 7(2), 01-13. Retrieved October 10, 2024, from <https://www.opastpublishers.com/peer-review/auditor-size-audit->

[market-concentration-and-audit-quality-chinese-evidence-7760.html?utm\\_source=chatgpt.com](https://doi.org/10.2308/AJPT-17-102)

- Martinow, K., Moroney, R. A., & Harding, N. (2020). Auditor commitment and turnover intentions following negative inspection findings: The effects of regulator enforcement style and firm response. *Auditing: A Journal of Practice & Theory*, 39(4), 143-165. <https://doi.org/10.2308/AJPT-17-102>
- Masanja, N. M. (2020). The Compliance of Auditing Ethical Principles and Code of Conduct for Professional Auditors and its Impact to Audit Quality in Tanzania. *Contemporary Journal of Education and Business*, 1(1), 43–54. Retrieved July 10, 2024, from [https://www.researchgate.net/publication/346717408\\_The\\_Compliance\\_of\\_Auditing\\_Ethical\\_Principles\\_and\\_Code\\_of\\_Conduct\\_for\\_Professional\\_Auditors\\_and\\_its\\_Impact\\_to\\_Audit\\_Quality\\_in\\_Tanzania](https://www.researchgate.net/publication/346717408_The_Compliance_of_Auditing_Ethical_Principles_and_Code_of_Conduct_for_Professional_Auditors_and_its_Impact_to_Audit_Quality_in_Tanzania)
- Mawutor, J. K. M., Francis, B. B. L., & Obeng, A. D. (2019). Assessment of factors affecting audit quality: “a study of selected companies listed on the ghana stock exchange”. *International Journal of Accounting and Financial Reporting*, 9(2), 436-449. <https://doi.org/10.5296/ijaf.v9i2.14692>
- Meyer, J. W., & Rowan, B. (1977). Institutionalized organizations: Formal structure as myth and ceremony. *American journal of sociology*, 83(2), 340-363. <https://doi.org/10.1086/226550>
- Monametsi, G. L., & Agasha, E. (2020). Audit quality and firm performance: Evidence from Botswana and Uganda. *Journal of Accounting, Finance and Auditing Studies*, 6(4), 79–95. <https://doi.org/10.32602/jafas.2020.029>
- Mrema, K. J., & Kiunsi, H. (2025). *Strengthening Regulatory Strategies Against Insider Trading in Tanzania Securities Markets: Evidence from Legal and Empirical Documents* (No. hal-05212488). *Journal of Economic, Management and Trade*, 31(8), 224–233. <https://doi.org/10.9734/jemt/2025/v31i81344>
- National Board of Accountants and Auditors (NBAA). (2022, January). The firm list. Retrieved October 20, 2022, from <https://www.nbaa.go.tz/nbaa-firm-list>
- Nnko, K. G. (2022). The Understanding of Earnings Management Practices by Commercial Banks Stakeholders in Tanzania. *International Journal of Managerial Studies and Research*, 10(8), 22–40. <https://doi.org/10.20431/2349-0349.1008003>
- Open Secrets. (2020, June). Corporations and economic crime report (Vol. 2): The auditors. Retrieved December 23, 2024, from [https://www.opensecrets.org.za/wp-content/uploads/CECR-Vol.-2\\_The-Auditors\\_Open-Secrets\\_July-2020.pdf](https://www.opensecrets.org.za/wp-content/uploads/CECR-Vol.-2_The-Auditors_Open-Secrets_July-2020.pdf)
- Owusu-Afriyie, R., Awunyo-Vitor, D., Gyimah, P., & Appiah, K. O. (2024). Monitoring and audit quality: Does quality standards compliance matter?. *Cogent Business & Management*, 11(1), 2416095. <https://doi.org/10.1080/23311975.2024.2416095>
- Oxford, R. L., & Burry-Stock, J. A. (1995). Assessing the use of language learning strategies worldwide with the ESL/EFL version of the Strategy Inventory for Language Learning (SILL). *System*, 23(1), 1-23. [https://doi.org/10.1016/0346-251X\(94\)00047-A](https://doi.org/10.1016/0346-251X(94)00047-A)
- Palmrose, Z. V. (1988). 1987 Competitive manuscript co-winner: an analysis of auditor litigation and audit service quality. *Accounting review*, 55-73. Retrieved May 28, 2024, from <https://www.jstor.org/stable/247679>
- Pham, N. K., Duong, H. N., Pham, T. Q., & Ho, N. T. T. (2017). Audit firm size, audit fee, audit reputation and audit quality: The case of listed companies in Vietnam. *Asian Journal of Finance & Accounting*, 9(1), 429-447. <http://dx.doi.org/10.5296/ajfa.v9i1.10074>

- Pratiwi, A. A. C., Suryandari, N. N. A., & Susandya, A. P. G. B. A. (2020). Pengaruh profesionalisme, independensi dan kompetensi auditor terhadap kualitas audit pada kantor akuntan publik di provinsi bali:(studi empiris pada kap di Provinsi Bali). *Kumpulan Hasil Riset Mahasiswa Akuntansi (KHARISMA)*, 2(1), 1–11. Retrieved February 20, 2024, from <https://e-journal.unmas.ac.id/index.php/kharisma/article/view/728/668>
- PwC Tanzania. (2022). NBAA Tanzania at 50: Professionalism, public interest and sustainability. Retrieved February 30, 2024], from <https://www.pwc.co.tz/press-room/nbaa-tanzania-50-professionalism-public-interest-and-sustainability.html>
- Qi, B., Li, B., & Tian, G. (2015). What do we know about the variance of audit quality? An empirical study from the perspective of individual auditor. *Journal of Applied Business Research*, 31(1), 71–88. <https://doi.org/10.19030/jabr.v31i1.8991>
- Salehi, M., Fakhri Mahmoudi, M. R., & Daemi Gah, A. (2019). A meta-analysis approach for determinants of effective factors on audit quality: Evidence from emerging market. *Journal of Accounting in Emerging Economies*, 9(2), 287-312. <https://doi.org/10.1108/JAEE-03-2018-0025>
- Saunders, M., Lewis, P., & Thornhill, A. (2019). *Research Methods for Business Students*, eight edition: United Kingdom: Pearson Education Limited.
- Scott, W. R. (2008). Approaching adulthood: the maturing of institutional theory. *Theory and society*, 37, 427-442. <http://dx.doi.org/10.1007/s11186-008-9067-z>
- Tusubira, F. N., & Namanya, J. T. M. D. (2021). Evidence of the Determinants of Audit Quality: A Non-governmental Organisations Perspective in Uganda. *Developing Country Studies*, 11(6), 36–45. 10.7176/DCS/11-6-04
- Van, H. N., Thanh, H. P., Thanh, C. N., Diep, N. N., & Hai, G. H. (2022). Study on factors affecting audit fees and audit quality through auditors' perceptions: Evidence from an emerging economy. *Problems and Perspectives in Management*, 20(2), 471–485. [http://dx.doi.org/10.21511/ppm.20\(2\).2022.39](http://dx.doi.org/10.21511/ppm.20(2).2022.39)
- Wahyuningsih, P. (2024). Analysis of The Influence of Auditor Competency, Auditor Independence, Audit Experience and Auditor Ethics on Audit Quality (Case Study at a Public Accounting Firm in Semarang). *Indonesian Journal of Sustainability*, 3(1), 17–27. Retrieved May 23, 2024, from <https://jurnal.unissula.ac.id/index.php/ijs/article/view/35018>
- World Bank. (2023, September). Tanzania economic update: The efficiency and effectiveness of fiscal policy in Tanzania. Retrieved October 30, 2024, from <https://www.worldbank.org/en/news/feature/2023/09/19/tanzania-afe-economic-update-enhancing-fiscal-efficiency-and-effectiveness-for-a-more-inclusive-future>
- World Bank Group. (2015). Tanzania: Report on the observance of standards and codes (ROSC)—Accounting and auditing. Washington, DC: Author. Retrieved June 23, 2024, from <http://documents.worldbank.org/curated/en/290441468312032457/Tanzania-Report-on-the-observance-of-standards-and-codes-ROSC-accounting-and-auditing>
- World Economic Forum. (2012–2013). *The Global Competitiveness Report 2012–2013*. Retrieved October 28, 2024, from [https://www3.weforum.org/docs/WEF\\_GlobalCompetitivenessReport\\_2012-13.pdf](https://www3.weforum.org/docs/WEF_GlobalCompetitivenessReport_2012-13.pdf)
- Yamane, T. (1967). *Statistics: An introductory analysis* (2nd ed.). New York: Horper and Row.